

**A STRATEGIC EDUCATION PLAN
FOR 2004 – 2010
And
AN EDUCATION-SECTOR
PROGRAM ASSISTANCE STRATEGY
FOR ZAMBIA**

**SUBMITTED TO
THE U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
MISSION IN LUSAKA, ZAMBIA**

**By
L. T. ASSOCIATES, INC.
*WASHINGTON, DC***

April 2003

TABLE OF CONTENTS

CHAPTER I- EDUCATION SECTOR NARRATIVE	1
CHAPTER II-EDUCATION SECTOR PROGRAM STRATEGY.....	17
APPENDIX 1. DESIGN TEAM TO DEVELOP EDUCATION STRATEGIC PLAN FOR FY 2004-2010	46
APPENDIX 2. DOCUMENTS CONSULTED.....	49
APPENDIX 3. LIST OF PERSONS CONSULTED.....	54
APPENDIX 4. DRAFT STRATEGIC OBJECTIVE AGREEMENTS	57
SECTION I: DRAFT SOAG - PROJECT ASSISTANCE	58
SECTION II. DRAFT ACTION MEMORANDUM.....	66
SECTION III. DRAFT AMPLIFIED PROJECT DESCRIPTION	73
GLOSSARY OF ABBREVIATIONS	75
SECTION IV. DRAFT SPA SOAG.....	93
APPENDIX 5. PRELIMINARY PERFORMANCE MONITORING PLAN (PPMP)	111
APPENDIX 6. BUDGET SCENARIO TABLES	134
APPENDIX 7. SUMMARY OF OTHER ASSESSMENTS AND IMPORTANT DOCUMENTS	135
APPENDIX 8. SUMMARY OF MEETINGS HELD	155
APPENDIX 9. POWER POINT PRESENTATION OF SO6.	182
APPENDIX 10. WORKING PAPER MATRIX OF GRZ/MOE AND USAID.....	199
APPENDIX 11. RECENT E-MAIL GUIDANCE REGARDING NPA/SPA	209
APPENDIX 12. PROGRAM-RELATED QUESTIONS	213
APPENDIX 13. EXISTING AND POTENTIAL SYNERGIES BETWEEN SO 9 AND SO6	215
APPENDIX 14. HIPC TRIGGERS.....	218
APPENDIX 15. MILESTONES – INITIAL THREE YEARS.....	221
MILESTONES – YEAR FOUR THROUGH YEAR SEVEN.....	223
APPENDIX 16. FUNDING SCENARIOS – EACH MILESTONE	225
APPENDIX 17. SOW FOR MINISTRY OF EDUCATION PRE-AWARD ASSESSMENT	231
APPENDIX 18. DISBURSEMENT PROCEDURES	240
APPENDIX 19. MACROECONOMIC REVIEW.....	245
APPENDIX 20. POWER POINT PRESENTATION.....	251

Chapter I

Education Sector Narrative for the Country Strategic Plan: 2004 – 2010

Martin N. Schulman

Chapter I

Improved Quality of Basic Education for More School-aged Children, Phase II (SO 6)

1. Development Challenge and USAID's Comparative Advantages

This Strategic Objective (SO) seeks to support the Government of the Republic of Zambia (GRZ) in its expansion of quality basic education over a seven-year period, from 2004 through 2010. The new strategy is based on past strategy successes achieved under the education reform framework of the Ministry of Education's (MOE) Basic Education Sub-Sector Investment Program (BESSIP). BESSIP, with the assistance of over a dozen cooperating partners including USAID, covers virtually all areas of a basic education sub-sector. The GRZ has expanded its education reform program to cover the entire education sector, moving from BESSIP to the Ministry of Education Sector Program (MOESP). To support the MOE in its efforts USAID will provide a moderate amount of program assistance (PA), in addition to continuing its project assistance.

The SO contributes to the Agency's Economic Growth, Agriculture and Trade (EGAT) pillar. The links between basic education and economic life are many. Children who learn to read, write and calculate, not to mention engage in critical thinking, will become healthier, more prosperous adults. They will become better able to contribute to the social, political and economic life of their communities. Moreover, children who acquire numeracy and literacy, especially girl-children, will more likely have healthier, more prosperous families that are better able to cope with life's challenges.

Zambia's development vision as expressed in the Poverty Reduction Strategy Paper (PRSP) is "increased skills for poverty reduction and economic growth," which is reflected in the MOE's Strategic Plan (MOESP 2003 - 2007) goal of "equitable access to relevant quality education and training that incorporates HIV/AIDS interventions." The Mission proposes to take up that challenge by continuing, expanding, and accelerating a number of successful basic education programs implemented under the 1998 to 2003 CSP to increase the quality of education, as well as access, especially for the most vulnerable: girls, orphans, and children in poor communities. While the GRZ and its technical partners are committed to achieving the goals of its poverty reduction program and the MOESP, there are significant limiting factors. The most notable are:

- The effects of Zambia's weak economy. Widespread poverty reduces the ability of the Government and communities to support education, and particularly impacts on girls;
- Limited MOE financial resources. According to the World Bank, per capita expenditures for education have steadily declined from 1995 through 2000, although within these parameters, distribution in the education sector has generally been favorable to the poor;
- Poor health. Child malnutrition (estimated at 60% in 2000) and general ill health, including widespread bilharzias, worm infestation and vitamin A deficiency, affect access, retention and learning throughout the system;

- Demand for schooling far outstrips capacity. 45% of Zambia's population (over 4.6 million) is in the 0 – 14 age group. This leads to high pupil-teacher ratios, double-shifting and low teacher-pupil contact hours;
- The HIV/AIDS pandemic. HIV/AIDS infection is estimated at 16% of the productive population (ages 15 – 49) and approximately 35 % in urban areas (2002). It has decimated teaching staff, with estimated losses due to death at 2.5% each year. There are over 800,000 school-age orphans in Zambia, most of whom are not in the formal school system;
- Limited capacity throughout the basic education system. There are not enough competent planners, managers, trainers, or teachers. The problem is critical to the success of the restructuring program, as these skills are now also required in the decentralization of capacities and resources to 72 districts. Capacity through the use of technologies to improve quality and coverage, such as radio programming and digital and computer technology, is largely lacking;
- Poor quality. This is indicated by poor national test results and low primary grade (grade 7) completion rates;
- Lack of comprehensive personnel policy. Sufficient policies to address the problems caused by HIV/AIDS, as well as for a coherent career track for all teachers, are lacking;
- Lack of materials. There are not enough books or classroom materials.

Despite these daunting challenges, there are significant reasons why Zambia can succeed in providing expanded quality education. First and foremost is the genuine commitment of the GRZ to restructure the education system and bring its benefits to the local communities. Although these objectives are contained in its five-year Strategic Plan (SP) and 2003 National Implementation Framework (NIF), MOE actions speak louder than words. These actions include implementation of the recent policy to eliminate fees for primary-school children (grades 1 – 7); and development of a specific plan and time-table (the NIF) that will provide major planning, procurement, staffing, and management-information responsibilities and authorities to the country's 72 districts within three years. The MOE has been providing cash grants to every primary school (4,558) and community school (1,149). The MOE is committed to, and has begun implementing, HIV/AIDS and school health and nutrition (SHN) programs throughout the education system, with special focus on provinces that are rural, starting with the poorest districts. It has adopted interactive radio technology to improve the quality of its learning delivery system in formal as well as community schools, based on its success with its program for out-of-school children.

The success to date of USAID's nascent programs to promote HIV/AIDS and other social awareness such as awareness of gender issues, using interactive radio instruction (IRI) to reach out-of-school children, providing health interventions in primary schools such as de-worming and micronutrient supplements, and developing a comprehensive, gender-sensitive education management information system (EMIS) have placed USAID in a pivotal position in the MOE's reform program. This is evidenced by the prominent place USAID programs are given in the new MOESP and NIF. The MOE wants to expand USAID-sponsored activities to the entire country, including mobilizing communities to support girls' education and HIV/AIDS mitigation, school health and nutrition, equity and protection of vulnerable children and interactive radio instruction. It sees IRI technology as a cost-effective way to improve the quality of instruction in

formal school settings (e.g., government schools) as well as less formal settings (e.g., community schools and IRI centers for out-of-school children) and as a cost-effective delivery system for aspects of SHN, HIV/AIDS mitigation and teacher training. MOE views EMIS as a key element in its effort to improve its policy and planning capacity through the collection, analysis and reporting of good education data. This function is firmly linked to the success of restructuring and decentralization by meeting the data needs of the MOE and its cooperating partners (CPs). With a successful track record of leadership in developing radio technology: information-system, HIV/AIDS, community-mobilization and SHN interventions; and existing support mechanisms, USAID also has a comparative advantage in providing assistance in these areas.

2. Purposes and Definition

While access to education remains a problem, the greatest impediment to achieving universal primary education (UPE) in Zambia is the poor quality of education. The development challenge is to provide this quality in an affordable, sustainable manner. During the next seven years USAID/Zambia will commit itself to assisting the GRZ through implementation of **Strategic Objective 6: Improving Quality of Basic Education for More School-Aged Children**. SO 6 will support the MOE's goal of **providing equitable access to relevant quality education and training that incorporates HIV/AIDS interventions** in four ways: 1) help the MOE expand already successful programs that improve the quality of the basic education delivery system; namely the EMIS, IRI, HIV/AIDS, SHN, and related community mobilization programs; 2) promote the MOE's restructuring plan for decentralization of the education system to the district, school and community levels, which is essential if UPE is to be achieved; 3) assist the MOE in establishing firm ownership of its programs through capacity-building and moderate budgetary support for basic education; and 4) as resources permit, develop new and complementary programs to support SO 6, such as an expanded girls' scholarship program, expanded HIV/AIDS activities, and additional technologies such digital and information technology.

There are four sets of clients/beneficiaries of SO 6: the administrative staff at all levels of the education system (who will upgrade their skills and effectiveness); the 40,000 + basic education teachers (through improved competence and HIV/AIDS programs); all primary school-aged children in schools and many who are out of school (who will receive higher quality instruction); and civil society and communities – parents, community groups, and associations – who are empowered with greater capacity to support child education as well as through information passed on by their children, radio broadcasts and direct social mobilization campaigns. USAID has developed a good understanding of the demand for current USAID-supported programs and promising additional initiatives for the new strategy. This understanding has been developed through its participation in numerous formal and informal meetings with the MOE and other stakeholders; site visits, focus group discussions, and interviews with educators, children, and community leaders in the field; and recent assessments of project activities. USAID believes the activities presented in this strategy represent its shared vision with the GRZ/MOE and other stakeholders, which advocates pupil-centered and community-based approaches to education and takes into account what communities want for their children.

Improved Quality of Basic Education for More School Age Children (II) represents an expansion and extension of a relatively new, current strategy that received official approval in FY2000. It was chosen as a strategic objective because, while access to basic education is improving and is relatively equitable, the quality of education being delivered is far below the desired standard. Children are leaving school without the basic skills needed to have a better life and contribute to the economic growth of the nation. This SO also acknowledges that there is still a significant percentage of school-age children that are not in school, due to opportunity costs, illness, lack of food in the home and other factors. In addition, this SO uses USAID's comparative advantage in developing cost-effective education delivery systems and leverages the success of existing and successful programs. The elements of improved system "quality" are improved access, retention and achievement. The elements comprising "more school age children" are the expansion of the above quality programs to more children in basic education and to more orphans and other vulnerable children, of which over 600,000 are still out of school.

There are two major and essential new elements in USAID's new basic education strategy: support of decentralization and sector program support to the Ministry of Education. The GRZ and the MOE have made a major effort in restructuring the entire government bureaucracy. The MOE has planned a comprehensive decentralization program that will put decision-making power and responsibility in the hands of the District Education Boards (DEBs) and school communities through the establishment and improvement of school management committees. The GRZ/MOE has already taken important legislative and policy steps by defining the various roles of the decentralized units and laying out detailed plans for their creation. While DEBs have been established in all 72 districts, their operationalization has only begun in three provinces. As part of its relatively new free primary education (FPE) policy, the MOE has also been supplying schools with grants (about \$1,000 per year) for materials and related costs. However, at this time the MOE does not have the administrative, financial management, procurement, or planning capacity to operate on a completely decentralized level. Therefore, its principal form of decentralization is to transfer resources to district subordinate authority (deconcentration and delegation) while still concentrating authority and accountability at the center. Clearly, GRZ and USAID believe it is critically important for decentralization (devolving decision-making authority, functions, and resources from headquarters to district levels and lower) to succeed, and is prepared to help in the training of DEB personnel and the provision of zonal resource centers.

Program assistance (PA) has been found useful in promoting the restructuring of public institutions, building sector-level managerial capacity, and effecting country-led harmonization of donor and multilateral interventions. The MOE and CPs now have several years of valuable experience working together under BESSIP, which shares the goals and processes of a sector-wide approach (SWAp), including program assistance. During that process, a number of joint assessment mechanisms consisting of the host government and its CPs have been established. This experience has developed understanding and trust, and produced a good-faith effort among all parties to work together to support and implement education, and, to the degree possible, move toward the GRZ's long-standing policy of encouraging donors to pool their resources into a common basket. By now, most other major CPs pool significant portions of their funds under BESSIP. Providing program assistance for basic education would expand the Mission's ability to engage the education sector more strategically as a whole in the areas of planning, resource

allocation, identification of resource gaps and requirements, and monitoring and evaluation of progress; and to have greater influence in ensuring that policy reforms are implemented in a manner that ensures their institutionalization and sustainability. The Mission's recent program assistance feasibility study for the education sector suggests that USAID could reap a number of benefits through provision of program assistance to MOESP. Participation in the MOESP would assure USAID a seat at the table of key decision-makers, enabling it to guide and develop the basic education program in Zambia and to leverage GRZ commitment and a higher level of resources in support of the MOE in key areas of basic education. Other benefits would be an increased influence in the basic education sub-sector and increased goodwill among the Ministry and CPs for both USAID's program support and project assistance. Therefore, the Mission proposes to include in this new strategy the use of program assistance to complement its use of project support in order to increase the impact of its assistance by creating enabling environments that increase the impact of aid at district and school levels.

An improved and expanded quality of basic education for girls and boys will be evidenced by progress in SO-level indicators, as follows:

- By 2010, 33% of the basic education pupil population (approximately 700,000) reached by USAID-supported programs, disaggregated by program, type of schooling, and gender (baseline: 2002 - IRI - approximately 12,000 children, CSMC - approximately 20,000 children, SHN – approximately 28,000 children.)
- By 2010 increased reading and mathematics skills for grade five pupils to 45% (baseline: 2001 - 33.42 for reading and 35.7 for mathematics. Currently, national skill assessment surveys are only conducted for the grade five level);
- By 2010, 90% of all District Education Boards (65 of 72) produce annual plans and procure or supervise the procurement by schools of education materials for schools in the district (baseline: Currently this is not being done).

3. Intermediate Results

SO 6 will consist of four Intermediate Results, described below. At the end of year three a comprehensive assessment and review of all IRs, activities, indicators and other components of the programs will be conducted, with revisions as necessary to maximize results.

a. IR 6.1: Improved Quality of Basic Education Delivery Systems

Improving the quality of basic education delivery systems in Zambia is essential given the low rate of student achievement, low contact hours and high teacher-pupil ratio. This problem is worsened by the widespread poor health of students and teachers due to malnutrition, HIV/AIDS, and other diseases. Zambia is one of the poorest countries in the world, ranked 143 of 162 on the UNDP human development index. The GRZ is unlikely, in the near term, to turn Zambia's economy around or to have enough resources to significantly and quickly address these problems through the production of large numbers of well-trained teachers or large-scale drug and food purchases. The use of non-traditional, cost-effective delivery systems, such as interactive radio, SHN, and the other USAID-supported programs offer Zambia a means to increase quality at a manageable cost. These programs can also leverage other donor financing

for their expansion. For example, JICA is already financing much of the cost of the drugs and supplements in the pilot SHN program, and there is potential for other agencies to help. DANIDA, which is assisting the MOE in its teacher training colleges, is interested in collaborating on the use of IRI. USAID believes it can achieve the greatest impact with the fewest resources by helping the MOE adopt and expand the quality-focused programs begun with USAID support under its current strategy.

Illustrative Activities:

- Extend selected current interventions to Grades 9 and expand reach of IRI, SHN, community mobilization, EMIS, and HIV/AIDS mitigation
- Improve technical quality and flexible scheduling of radio broadcasts through appropriate technologies and community radio
- Improve teacher effectiveness through training by multi-media distance technologies such as radio, Internet and cd-rom.
- Improve measurement of pupil performance
- Build capacity of CBOs/NGOs in education to promote community participation, advocacy and collaboration between Government and the private sector in education.
- Support scholarship schemes to improve the performance and completion rates of OVCs, especially girls
- Support schemes to promote teaching in rural areas and to engage more female teachers

Illustrative Key indicators:

- Number of basic education schools and centers participating in interactive radio instruction
- Number of schools with SHN interventions
- Number of teachers trained through distance education techniques

b. IR 6.2: Improved Information for Efficient Resource Management

Improving the use of EMIS data collection and analysis for quality decision-making on the district and local levels is essential for improving the quality of Zambia's basic education. EMIS has already made great strides since USAID began supporting the activity in 2001. For the first time the MOE has been able to complete its annual education statistic yearbook within the same calendar year as the school census data were collected. USAID's current activity for improved information also includes the development of health/nutrition data as well as assisting the National Examination Council improve its competency-based testing procedures. The challenge for our current EMIS project is to ensure that the Ministry of Education on its own, rather than with expatriate technical assistance, is fully capable of managing and using the system at the central level. As the MOE decentralizes over the next few years the challenge for SO 6 will be to ensure the MOE has this capacity at all relevant decentralized levels; particularly the district, school and community levels, where planning and resource-allocation decisions will be made. Planners at these levels will collect, analyze and use disaggregated data on students and teachers as well as classroom and school conditions to develop their own annual work plans and budgets. EMIS must be a living system in order to remain relevant. The capacity must be developed not only to manage and use the system but also to be able to revise it in order to meet changing conditions.

Illustrative Activities:

- Extension and improvement of gender-disaggregated information systems for provincial/district/school levels
- Capacity-building for district education offices/boards, zonal resource centers, schools, and CBOs on data collection, management, analysis and use.
- Zambian Demographic Education Survey (ZDES)

Illustrative Key Indicators:

- Number of DEOs capable of providing gender-disaggregated data not more than one year old
- Annual yearly education statistical report completed and disseminated by the end of the same calendar year
- ZDES conducted in 2007

c. IR 6.3: Strengthened Policy Implementation Through Improved Education Services

Within the past few years the MOE has put in place a comprehensive policy framework that has emphasized universal primary education, education of the poor and vulnerable, and decentralization as priorities. However, with its weak institutional capacity, the MOE's major problem has been to ensure effective implementation of these policies. Capacity is weak at all levels, from central office staff to classroom teachers. Moreover, currently there is limited capacity to draw on for the new District Education Boards and District Education Offices, which will play key planning and management roles in the new decentralized system.

The major new element in USAID's SO 6 is assisting the MOE to increase its capacity to implement its policy framework. Two essential components of this new element consist of extensive capacity-building, particularly on the district and community levels; and limited budgetary support that will steadily increase as the MOE demonstrates increased capacity to manage its basket of funds.

Illustrative Activities:

- USAID budgetary support for MOE
- Capacity-building for central, district and local MOE personnel and CBOs/communities in planning, managing, procurement and other essential skills
- Development and use of zonal resource centers for multiple purposes
- Decentralization of key responsibilities such as budgeting, planning and procurement of resources
- Improvement of Education and Finance Ministries' interface on financial management procedures
- Training – short-term, long-term, in-country and external

Illustrative Key Indicators:

- Steady increase of SPA and decline of project assistance in the education sector
- Percentage of education budget managed at district levels
- Functioning personnel policy for HIV/AIDS

d. IR 6.4: Mitigated Impact of HIV/AIDS on the Education System

Within the context of HIV/AIDS children of school-going age (7 -15 year olds for basic education) comprise the only large population that, for the most part, is not yet sexually active, and therefore is least infected with the HIV virus. That population is a prime target for HIV/AIDS awareness, prevention and abstinence campaigns, for training in self-assertiveness and life skills, and for the cultivation of appropriate behaviors to protect themselves and their families against HIV/AIDS and other diseases. The other school-related aspect of the HIV/AIDS pandemic has been the decimation of education professionals through death and AIDS-related illness. USAID will expand its current programs to provide AIDS messages, community mobilization and effective planning to deal with HIV/AIDS and promote policies and actions to prevent and mitigate the effects of HIV/AIDS on teaching.

Illustrative Activities:

- Capacity-building for MOE, CBOs, zonal resource centers and communities to increase community support for girls, OVCs and HIV/AIDS education
- Development of HIV/AIDS and life skills-related materials for teachers, managers and pupils to prevent and mitigate the effects of HIV/AIDS
- Improvement and expansion of district-level HIV/AIDS information systems
- Implementation of an “HIV in the workplace” policy
- Increased collaboration between district health management teams and district education personnel in developing and implementing HIV/AIDS plans

Illustrative Key Indicators:

- Number of community action plans that include HIV/AIDS mitigation
- Number of pupils and teachers with access to anti-AIDS initiatives such as anti-AIDS clubs, campaigns, and counseling programs
- Number of operating units with “HIV/AIDS in the workplace” activities

4. Contextual Assumptions

Several factors may reduce the success of SO 6. Diminished commitment of the GRZ towards the goals of its PRSP, and diminished levels of donor support pose the greatest threat to the program. Political stability must also remain a key ingredient for development and restructuring to be successful. Although a violent, unconstitutional change in government would undoubtedly set back the reform and restructuring program of the GRZ, Zambia’s traditional political stability would indicate that this type of turmoil is unlikely to occur. Another possible risk would be a change of government and ensuing policy shifts that might affect key MOE policies and programs. This is unlikely, as presidential elections have recently taken place and PRSP-engendered policies, including decentralization, continue to enjoy widespread popularity. Further, even with the recent presidential elections and change of administration, the MOE has continued steadfastly to implement reform policies that were first established in 1996 and have been continuously refined since that time. Finally, USAID recognizes the possibility of a decrease in the level of funding received from USAID/Washington, though this is unlikely given Congress’s interest in basic education. However, if that were to occur, USAID would scale back the level of DA funding for cross-cutting HIV/AIDS initiatives, thus reducing the number of

HIV/AIDS activities to be mainstreamed through SHN, IRI, teacher training, and other projects and resulting in fewer children being reached by those initiatives.

The SO 6 strategy is based on a development hypothesis that improved quality of basic education for more school-age children can be achieved through a combination of: 1) improved cost-effective delivery systems; 2) a de-centralized structure allowing decision-making closer to the school and community levels; 3) improved information and capacity of planners and managers; 4) improved capacity of education personnel at all levels to implement reform policy; and 5) mitigation of HIV/AIDS so gains in quality are not undermined.

The critical assumptions for this hypothesis are the following:

- Continued progress under the PSRP and other efforts so that progress is not undermined by increased poverty levels;
- Maintenance of a minimum level of GRZ support to education of 20.5%, as per HIPIC guidelines;
- Continued mitigation of the effects of HIV/AIDS on education as a GRZ priority;
- Continued MOE commitment to and progress toward education reform and restructuring under the MOESP;
- Political and economic stability

5. Linkages

a. Linkages within the SO

The four Intermediate Results within the **improved quality of basic education for more school-aged children** Strategic Objective form an integrated approach for success. Better and higher quality learning programs will not go far in improving learning if girls and other vulnerable children are excluded, and children and teachers are devastated by HIV/AIDS and illness. Moreover, if restructuring and decentralization do not succeed, quality learning programs, regardless of how efficient and effective they are, will not reach the children and communities they are intended to serve. The activities contained within the four IRs in SO 6 are so closely linked that they could comfortably fit within most of the IRs. For example, “extend selected current interventions to grade 9 and expand the reach of IRI, SHN, community mobilization, EMIS and HIVAIDS” supports IRs 3 and 4 as well as IR 1; “Extension and improvement of gender-disaggregated information system...” supports IRs 1, 3 and 4 as well as IR 2.

b. Linkages within Mission Strategy

USAID/Zambia’s goal is **to provide prosperity, hope and better health for Zambians**. There is a large body of research showing the high correlation between basic education, particularly for girls, and increased family health, prosperity and quality of life. SO 6 also directly supports the Mission’s other four SOs.

Increased Private Sector Competitiveness (SO 5):

SO 6 will help provide a numerate and literate work force, which will underpin the effectiveness and growth of the private sector. SO 6 will also look to private sector partnerships, including the Global Development Alliance, NGOs, CBOs, and for-profit organizations to improve the effectiveness of basic education. For example, in the near and medium term, private sector companies may well be contracted by the MOE to provide some services, such as conducting the ZDES and/or aspects of the EMIS system.

Improved Health Status of Zambians (SO 7):

Strong synergy and inter-dependent links exist between SOs 6 and 7. Educated children create healthier families, and healthy children learn more. SO 6 contributes directly to improving the health status of Zambians through its school health and nutrition activity as well as through messaging, education and community mobilization activities. Moreover, both SOs are working towards common local approaches to better health by health and education officials on the district, zonal and community levels. Some common activities for SO 6 and 7 include the following: HIV/AIDS prevention and mitigation programs in the workplace; district-level HIV/AIDS information systems; and increased cooperation between district-level health officers and educators in developing and implementing SHN, sanitation, environmental health and HIV/AIDS plans. SO6 activities that cross-cut SO7 include community mobilization for health, nutrition, and HIV/AIDS; district annual work plans where communication and mutual planning among the district education and health officers is essential for school children's health; and others such as peer counseling programs, anti-AIDS clubs, and HIV/AIDS in the workplace.

Common indicators include number of community, district, and HIV/AIDS-related plans implemented; number of pupils and teachers with access to anti-AIDS clubs, per counseling programs and other resources; and number of personnel participating in anti HIV/AIDS programs in the workplace

Government Held More Accountable (SO 8):

I.R 6. 2 and 6.3 support SO 8's focus on accountability through the creation of community access to information, strengthening community mobilization and dialogue over critical issues, and the ability of communities and children to assert their rights. Support of MOE restructuring and decentralization also promotes transparency and accountability at all levels of the education system. SO 8 will assist in creating accountable systems at all levels of government, many of which impact on education, such as the Ministry of Finance and district governments. SO 8 will strengthen civil society, CBOs and NGOs, all of which are important partners in the education sector.

Reduced Impact of HIV/AIDS Through Multi-Sectoral Response (SO9):

There are strong links between SO 6 and the crosscutting SO 9. IR 6.4 shares SO 9's illustrative activities and indicators, including (from SO 9): support to OVCs, support to high risk groups, support to "HIV/AIDS in the Workplace" activities, number of OVCs receiving community support services, advocacy for improved policies and actions, and strengthened information systems to track HIV/AIDS. The activities of IR 6.1 in very practical ways lead the way for the MOE to strengthen its multi-sectoral approach such as the establishment of working relationships among the Ministries of Education, Health, and Community Development and the private sector. They are providing a track record of successful multi-sectoral approaches in

SHN, community mobilization, and IRI, as well as a wealth of lessons learned from the initial stages of development upon which additional and expanded activities can be built. SO 9 will also directly assist in SO 6 and other Mission SOs by providing a pool of technical resources that may be used in activities related to HIV/AIDS.

c. Conformance with Donor and GRZ Programs.

The USAID program is in complete conformance with MOE policy, strategy and plans. All SO 6 IRs are major targets of the MOE strategic plan and NIF. The USAID Sector Program Support objectives are aligned with the SO 6 IRs and MOE objectives as well. Donors have fully bought into the MOESP. In fact, the operations of the MOESP (formerly BESSIP) have been a model of cooperation between the MOE and its bilateral and multilateral partners. Presently, most other cooperating partners pool significant portions of their funds in a basic education SWAp. The provision of a USAID SPA program will enable the Mission to fully engage with the MOE and other partners in the SWAp. A number of mechanisms are in place as a result of this cooperation. A Joint Steering Committee (JSC) ensures the effective development, implementation and realization of the objectives of the MOESP (the JSC convenes for a joint annual review). A Sector Plan Coordinating Committee (SPCC) comprising the MOE and implementing partners meets quarterly to review progress and identify issues and challenges. The Financial Technical Committee (FTC) meets monthly on on-going financial matters and reviews quarterly and annual financial reports. The Sector Plan Support Group (SPSG) is a combination of MOE senior management and donor representatives that, on an on-going basis, assist in planning the various needed reviews as well as resolving issues as they arise. There is also a network of formal and informal working-level meetings between MOESP technical staff and, as needed, with cooperating partners. Cooperating partners meet monthly in an “informal donors group,” often formulating joint recommendations to the MOE on a variety of issues.

At the launching of the MOE’s five-year strategy in February 2003, a total of approximately \$320 million was tentatively identified for the next five years by ten donors (UK, Denmark, European Commission, Finland, International Bank for Restructuring and Development, Ireland, Netherlands, Norway, UNICEF and the United States). As some donors could only identify funds for periods of less than five years (such as Finland) and some were not in a position to state publicly what might be expected (such as Japan, Germany, and Canada), \$320 million is a conservative figure. There are also significant IDA and AfDB credits for basic education should the GRZ choose to use them. Some CPs have also expressed a continued interest in providing some project assistance for restructuring/decentralization (UK, Netherlands, Ireland), gender, life skills, and community schools (UNICEF and Netherlands), teacher training (Denmark and UK), infrastructure (Finland and Japan), and NGO/CBO strengthening (EU and Germany).

6. Instruments

Sector Program Assistance: Sector program assistance (SPA) is an effective way to leverage major policy implementation in decentralization, and improvements in and expansion of selected education-delivery systems. The mechanisms for SPA exist in Zambia’s education sector and are functioning well. The MOE and Ministry of Finance have the financial management and

tracking mechanisms in place to handle USAID SPA contributions (see Chapter II on Program Assistance), and they have been effectively used for the past several years by other donors for their basic education sector program support contributions. The difference for USAID contributions will be that, instead of going directly to the MOE, USAID funds will go to the Ministry of Finance and Economic Planning where the dollars will be auctioned for local currency and then immediately forwarded to the MOE for use in its basic education program. This has the advantage of appearing on the GRZ's ledgers for national planning purposes as well as following the procedures instituted and refined by SO 7 in their Health SPA. Although systems are in place, previous USAID experience with monitoring SPA has shown it to be labor-intensive (see description of MOESPA committee structure), and SO 6 will include additional technical assistance (TAACS or PSC) for this purpose. The Mission SPA funding strategy will be to begin with relatively small amounts (\$ 0.5 million for year one) and gradually increase the amount of SPA funding to coincide with MOE capacity to manage its own programs, particularly USAID-financed projects. A comprehensive review will be made of both SPA and project activities after year three of this strategy, at which time revisions to the strategy will be considered, including the possibility of making SPA available to the entire sector.

Project Assistance. It is envisioned that the primary mode for project implementation will be an umbrella project that will focus on decentralization as well as all or most of the elements described in the four IRs. There are several sufficiently robust mechanisms available for education activities. One might be The Educational Quality Improvement Program (EQUIP), which includes several relevant Leaders with Associates cooperative agreements. This could be supplemented with contracts and grants with institutional and local partners, as needed, and the utilization of appropriate instruments to access additional resources from initiatives such as the President's Initiative for Education in Africa and the Global Development Alliance (GDA).

Mission Management Requirements. Managing Sector Program Assistance is labor-intensive, and will require USAID/Zambia resources dedicated specifically for this purpose. The Ministry of Education, under BESSIP, has made a determined effort to involve the pooling donors in dialogue and to ensure they are kept fully apprised of Ministry plans and actions. The Mission determined that Ireland Aid, one of the principal contributors to the BESSIP funding pool, has one full-time person devoted to management of its sector assistance; in addition, the principal Ireland Aid representative spends half of his time on education sector assistance. Other major CPs, such as Great Britain and the Netherlands, devote similar amounts of time and effort to BESSIP. In addition, they each invite personnel from headquarters in their home countries to participate in periodic review for one to three weeks a year. Given the substantial time involvement in policy dialogue, negotiations, tracking progress of MOE in satisfying milestones, and various reporting tasks, USAID/Zambia requests approval of one US/TCN PSC/TAACS to manage the Education SPA. In addition, the Mission requests one additional full-time financial analyst to handle funds-transfer issues and to assist with verification of progress against milestones that will serve as fund disbursement triggers. The Education Team Leader, the Mission Program Economist, and other Mission staff will also need to be involved at crucial points during implementation of the Education SPA.

Other Mission resources. It is expected that Strategic Objective 9 (**Reduced impact of HIV/AIDS through multi-sectoral response**) will be able to assist the other SOs, including SO

6, for particular HIV/AIDS-related activities that may require training or technical assistance. SO 6 expects to continue to benefit from the close collaboration and expertise of the other SO teams, especially SO 7 (**Improved Health Status for all Zambians**), which has provided much input into the development of the HIV/AIDS and SHN components of the Mission's current strategy as well as that of SO 6. Continued close collaboration will take place with SO 7 and SO 9 for implementation and monitoring of common and overlapping activities and indicators.

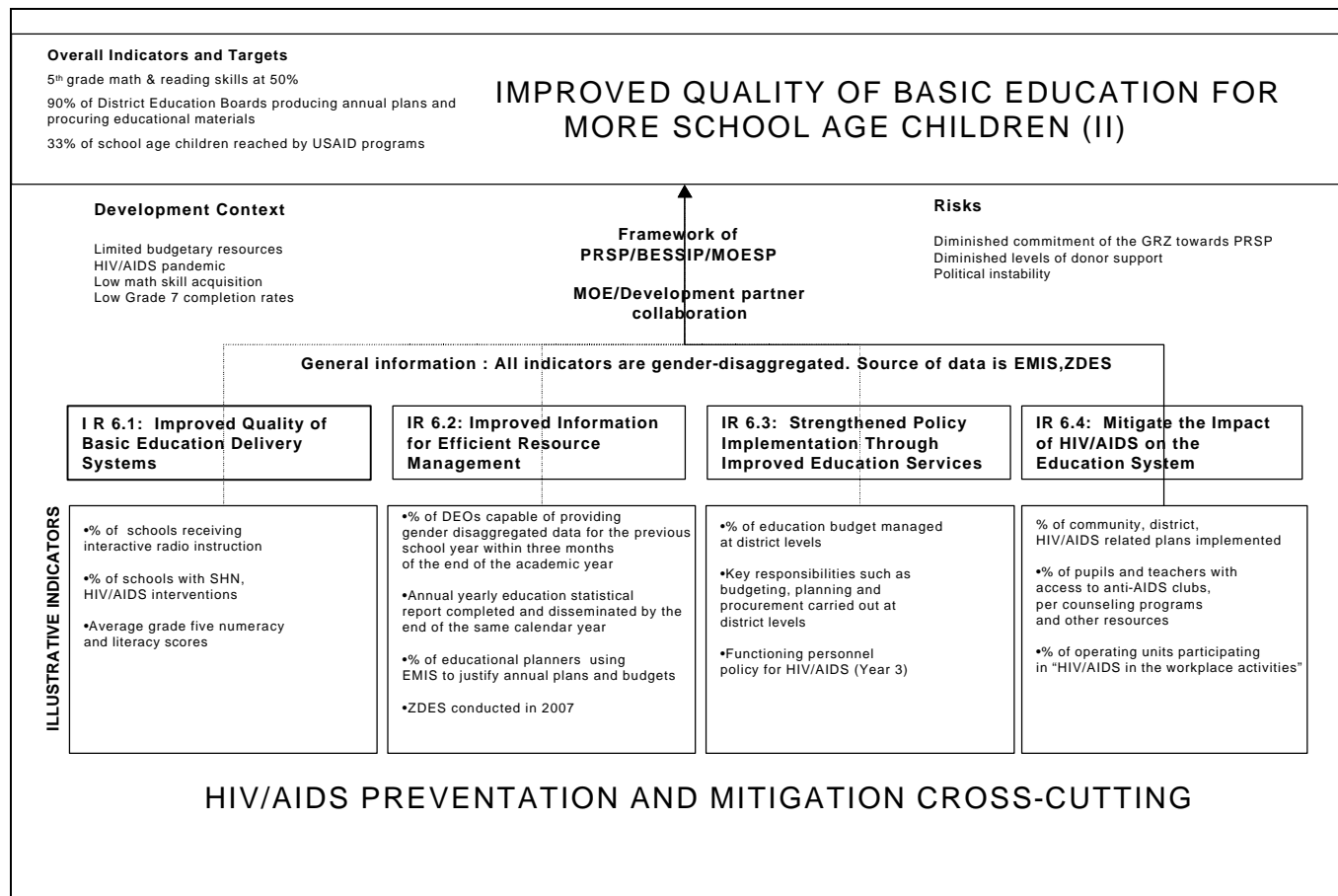
AID/W, REDSO/ESA, and Regional Legal/Contracting Offices. AID/Washington can be expected to continue to provide technical support to SO 6 through EGAT, AFRICA/SD, WID, and the Global Bureau for HIV/AIDS support, as well as GDA. We anticipate REDSO will continue providing technical support from the new Regional Education Advisor and for HIV/AIDS, and that the Regional Office in Gaborone will provide technical support for contracting and legal decisions.

7. Resource requirements and Funding Scenarios

In order to implement the basic education strategy described herein, the Mission will require a yearly allocation of \$5.1 million in Development Assistance (DA) funding and \$1.75 million in Child Survival and Health (CSH) funds for SO 6-financed HIV/AIDS and SHN activities: \$35.7 million and \$12.25 million, respectively, for life-of-strategy funding in current dollars. At this point the Mission envisions a straight-line yearly allocation of these amounts over the seven years of the strategy. From DA funds the Mission anticipates allocating approximately \$2 million per year, on average, for SPA financing, with smaller amounts in the beginning (first year allocation \$.5 million) and larger amounts in the out-years. This division between project and program assistance may be adjusted in either direction, depending on how quickly the MOE develops the capacity to use SPA funds effectively and at the planned mid-program review at the end of the strategy's third year.

SO 6 has the potential to expand beyond existing funding levels in program areas such as HIV/AIDS; scholarships for girls, orphans and other vulnerable children; information technology; teacher training; adult literacy, and early childhood education. Depending on various factors, including MOE and Mission interest and capacity, other initiatives may be leveraged to provide additional support for the sector, including the Africa Education Initiative and the Global Development Alliance.

In a straight-line minimum funding scenario of \$4.3 million per year, the Mission would be forced to eliminate DA-funded HIV/AIDS activities and limit its participation in the creation of zonal resource centers for teachers and communities.



ILLUSTRATIVE ACTIVITIES

IR 6.1: Improved Quality of Basic Education Delivery Systems

- Extend interventions to more Grades and communities expand reach of IRI, SHN, community mobilization, EMIS and HIV/AIDS
- Improve teacher effectiveness through training
- Improve measures of pupil performance
- Build Capacity of CBOs/NGOs
- Promote teaching in rural areas and for more female teachers

IR 6.2: Improved Information for Efficient Resource Management

- Extension and improvement of gender disaggregated information systems for provincial/district/school levels
- Capacity building for district education offices/boards, zonal resource centers, schools, and CBOs on data collection, management, analysis and use
- ZDES survey

IR 6.3: Strengthened Policy Implementation Through Improved Education Services

- USAID & other donor budgetary support for MOE
- Capacity building in planning, managing, procurement and other essential skills at all levels
- Development & multi-use of zonal resource centers
- Decentralization of key responsibilities and resources
- Improvement of MOE & Education And Finance interface on financial management procedures Training in country and external

IR 6.4: Mitigate the Impact of HIV/AIDS on the Education System

- Capacity building for MOE, CBOs, zonal resource centers and communities to increase community support for girls, OVCs and HIV/AIDS education
- HIV/AIDS materials for teachers & pupils for prevention and mitigation
- HIV/AIDS in the workplace
- District HIV/AIDS Information system
- Increased collaboration between District level health officers & educators in developing and implementing HIV/AIDS plans

Chapter II

Education Sector Program Assistance Strategy

William B. Nance

Chapter II

1. Background

1.1 Zambia Education Sector Status/Situation

Low pupil enrollments, low progression rates, high pupil-to-teacher ratios, poor school attendance, and poor learning achievement levels characterize the education sector in Zambia. This situation is the result of many factors, including: children remaining out of school because they are needed for income-generating activities to supplement family income, or to care for sick family members; pupils living long distances from schools; a shortage of teachers or ill-qualified teachers – especially in the rural areas; high illiteracy levels; ill health among teachers, pupils, or other education support or administrative staff; malnourished children who are unable to achieve their full learning potential; and a widening gender gap due to parents not sending their children (especially girls) to school. There is also a severe shortage of school supplies, and enrollments are further impacted by high drop-out rates due to a host of reasons, including high levels of poverty, food security issues, and early marriages and pregnancies, with some pupils beginning to drop out as early as Grade 2. The HIV/AIDS pandemic has also had a particularly devastating effect on education in Zambia, resulting in a severe teacher shortage (MOE statistics show the number of teachers has actually been decreasing).

1.2 Problem Statement/Constraints Analysis

1.2.1 Access and Quality

The Ministry of Education of Zambia developed a Five-Year Education Sector Strategic Plan to address the country's educational needs. This Strategy, covering the period 2003 – 2007, is based on three key documents: “Educating Our Future” (1996), the “Report on the Restructuring and Decentralization of the Ministry of Education” (2000), and the “Poverty Reduction Strategy Paper” (2001/2002). These studies document that access and quality are the major challenges facing Zambian education. In a bold move to increase access, the Government of the Republic of Zambia (GRZ) announced in February 2002 a policy of Free Middle Basic Education (Grades 1-7). Emphasis will also be placed on expanding enrollment to Upper Basic (Grades 8 and 9). This new policy is likely to lead to substantial increases in enrollment (an estimated 29%ⁱ of children aged 7-13 were not enrolled in school in 2001), but will have strong financial implications for the Government. Moreover, even with free basic education through Grade 7, some 557,000ⁱⁱ school-age children, particularly orphans, still may not enroll in primary schools. This implies a need for strong community involvement in primary education, as well as for development of informal and alternative approaches to reaching these children. Support of community schools, interactive radio instruction (IRI) centers, and alternative delivery systems to train teachers are approaches that might help address the access issue at the primary education level.

Overall quality of education in Zambia at the primary level (Grades 1-9) represents a major challenge. Since 1999 when the GRZ began conducting a National Assessment Survey of Learning Achievement in the Fifth Grade, there has been improvement in English Reading and Mathematics.ⁱⁱⁱ The number of pupils achieving the minimum level of performance also showed

measurable improvement over the last three years. Still, achievement rates in both literacy and numeracy are considered too low.

Other constraints to access involve such issues as HIV/AIDS, children's school health and nutrition, their special educational needs, gender and equity. With respect to HIV/AIDS, access to education by primary school children is reduced because teachers, school support workers, and education officials are absent or missing from the work force – and are unable to teach or maintain support functions -- due to the disease. Also, children suffer from health and nutrition problems, and are often hungry or malnourished; or suffer from weakness or disease. This leads either to children not attending school, or if they do attend, being unable to participate in the classroom as active learners. Girls' access is affected in a number of ways. There is often less value placed on girls' education, resulting in poor attendance and high drop-out rates that are often attributed to early marriage or the demand for girls to help out at home. Pregnancy is also a factor leading to lower school attendance rates for girls.

1.2.2 Financial Resources for Education

The GRZ's Five Year Strategy for education describes the budget allocation to education in Zambia as the lowest in the sub-region. While other countries in the sub-region allocate between 25% and 30% of total disposable budget to education, the comparable figure for the GRZ in 2002 was 20.5%, the figure set by one of the HIPC triggers, and covered by the European Commission conditionality established for disbursement of funds to the education sector. In terms of GDP, the education budget has accounted for just between 3.1% and 5.2% between 1998 and 2002, averaging 4.6% for the period. The total budget for the Five Year Strategy is K5, 249,399 million (\$1.05 billion), of which 71% is to be financed from domestic resources and the remaining 29% is expected to come from external financing (grants and loans).^{iv} The recurrent expenditure projected for education over the five-year strategy period accounts for 64% of total resources (52% for Middle Basic – Grades 1-7; 12% for Upper Basic – Grades 8 and 9).

1.3 Institutional/Human Resources - Low Capacities

1.3.1 Institutional Concerns

The Public Service Reform Program (PSRP), which began in 1993, requires that the GRZ undertake a number of reforms, aimed at improving wage policy and employment, payroll management and establishment control, financial management systems, anti-corruption measures, and local government. The PSRP is a comprehensive economic structural adjustment program that is intended to improve the overall efficiency and cost-effectiveness of government at all levels.

The Ministry of Education (MOE) is carrying out a restructuring process in the context of this broad public service and governance reform. A principal objective of MOE restructuring is to shift from a highly centralized ministry to one that is more compatible with a “decentralized” system of education delivery. Key elements of the Ministry restructuring include:

- Providing 9 years of basic education to every child
- Rehabilitating infrastructure

- Enhancing the quality of education
- Supplying a sufficient number of teachers
- Setting standards of performance and achievement
- Providing adequate educational materials
- Increasing the education budget
- Developing records and vital statistics in education

An important element of the decentralization of education delivery is the creation of District Education Boards for basic education. This is an important expansion for basic education delivery, since boards for high school and teacher training colleges had already been established. The District Education Boards are intended to exercise certain decision-making powers at the point where basic education learning takes place, rather than from Lusaka as has been the case under the old, highly centralized system. It is believed decisions taken at the district level will improve the learning environment, and subsequently the quality of education. Specifically, each District Education Board (DEB) will have responsibility for:

- Developing rewards and incentives for school staff
- Mobilizing local resources
- Developing rules and regulations for the school(s) under its responsibility
- Implementing education policy on basic education
- Planning programs and policies for the implementation of basic education in the district
- Ensuring that standards are maintained in the school(s) under its responsibility
- Implementing effective accountability of resources, and
- Managing the personnel resources within the DEB

Each DEB will be responsible to the Ministry of Education and to the community in which it is located.

1.3.2 Human Resource Concerns

The shortage of teachers is a continuing concern in Zambia. This is an area in which the devastating effects of HIV/AIDS are demonstrated dramatically. The goal for the decade of the nineties was for the GRZ to produce 4,400 teachers per year in order to have sufficient teaching staff. However, the actual number of basic education teachers produced averaged 2,226 per year, and totaled only half the number of teachers projected for the decade.

Though the Ministry recorded a decline in the number of teachers in the mid-1990s, in recent years that trend has been reversed, with an increase from almost 37,000 teachers in 2000 to almost 38,000 in 2001 to over 40,000 in 2002.^v Part of the increase is due to a change of Ministry policy, allowing untrained teachers to be hired to fill teaching positions. Despite increasing numbers of trained teachers entering into the system, this measure has been necessary to compensate for the high attrition rate of existing teachers due to HIV/AIDS, poor conditions of service, and lack of housing – especially for single female teachers in rural areas.

1.4 Opportunities and Recent Developments

1.4.1 Poverty Reduction Strategy Paper (PRSP)

In May 2002, the GRZ published its PRSP, covering the period 2002 – 2004. The PRSP was the result a nationwide participatory process that involved all stakeholders with an interest in Zambian development – government agencies and institutions, traditional rulers, the private sector, civil society, and international donors. The PRSP identified a number of strategies for improving the education situation, including:

- Increased funding for the education sector
- Provision of quality and innovative training for teachers
- Improvements in the conditions of service for teachers; in particular, provision of a living wage, and housing (especially in rural areas, and for single female teachers)
- Provision of free and compulsory basic education for all
- Development of a relevant, flexible, and innovative curriculum that will accommodate evolving development priorities, such as technology advancement, HIV/AIDS prevention, life skills, gender, environment, use of local languages for initial literacy, and topics relevant to local communities.
- Creation of special learning opportunities for out-of school children and illiterate adults
- Elimination of sources of educational disadvantage to enhance equity and equality of access, participation, and benefit for all in accordance with individual abilities.
- Creation of a conducive and enabling environment in all institutions to raise standards of teaching and learning
- Promotion and integration of the use of Information Communication Technology at all levels and in all modes of the educational system
- Development of an Early Child Care Education and Development (ECCED) system
- Improvements in the progression rates to high school (particularly for the poor and the girl child), and provision of quality and relevant high school education, that prepares students for further education or employment through skills and entrepreneurship training
- Establishment of a responsive and effective planning and management system that can provide accurate data, and development of appropriate policies and strategies
- Increased access of the poor and vulnerable to all educational institutions
- Acceptance of the new image and role of the school as a center for the dissemination of messages about HIV/AIDS, the environment, and civic issues, not only to its own students but also to the wider community.

Of the six programs identified in the PRSP as the most important for economic growth and poverty reduction with respect to the education sector, basic education was given top priority. This underscores the appropriateness of USAID support of the sub-sector.

1.4.2 Heavily Indebted Poor Countries (HIPC) Initiative

According to the World Bank, by the mid-1980s, relative to GDP, Zambia had become one of the world's most indebted nations, with a debt of \$7.1 billion at the end of 2001. By the end of 2002, total debt had been reduced to \$6.5 billion, down 8.9% from a year earlier as a result of HIPC interim relief. External debt as a percentage of GDP averaged 188.4% during the

period 1998 – 2002; and external debt service, as a percentage of exports, averaged 16.9% for the same period.

Zambia obtained debt relief through the Enhanced HIPC Initiative with the signing of the Decision Point in December 2000. Most creditors agreed at Decision Point to begin providing debt relief immediately during the period between the Decision Point and the Completion Point, i.e., during the period 2001-2003. This decision had a significant immediate effect. In 2002, for example, debt service payments amounted to \$137 million, and in 2003 will be reduced to \$109 million (without debt relief, payments in 2003 would be \$386 million).

Zambia's External Debt Stock (US\$ millions), 1998-2002

	1998	1999	2000	2001	2002*	%Change 2002/2001	Perce nt Share of Total Debt
					3,240.64		
Multilateral	3,172.7	3,375.1	3,446.8	3,313.7	8	-2.2	50.0
ADB/ADF	257	320.7	316.7	318.7	279.02	-12.5	4.3
World Bank	1,547.60	1,668.30	1,736.40	1,837.10	2,083.50	13.4	32.1
IMF	1,205.20	1,219.20	1,245.40	948.2	741.998	-21.7	11.4
Others	162.9	166.9	148.3	209.7	136.13	-35.1	2.1
Bilateral	3,477.80	2,676.40	2,390.20	3,091.80	2,614.83	-15.4	40.3
Paris Club	2,998.50	2,405.00	2,131.40	2,713.90	2,343.12	-13.7	36.1
Non-Paris Club	479.30	271.40	258.80	377.90	271.71	-28.1	4.2
Total Government Debt	6,650.50	6,051.50	5,837.00	6,405.50	5,855.48	-8.6	90.3
Private & Parastatals	278.20	455.90	473.50	717.50	632.26	-11.9	9.7
Total External Debt	6,928.70	6,507.40	6,310.50	7,123.00	6,487.74	-8.9	100.0

Source: GRZ, Ministry of Finance and National Plan
Report, 2002, January 2003, page 46

*Note: The figures for 2002 are preliminary and likely to change due to on-going relief deliveries under HIPC with creditors after the effectiveness of the Eighth Paris Club Agreement.

Zambia is on track to meet the HIPC triggers and to reach Completion Point in 2003. This would qualify Zambia for maximum debt relief (the estimated write-off of debt would be in the range of some \$3.8 billion of debt in nominal terms). Of particular interest to the education

sector is the fact that Zambia has already met HIPC conditionality to devote at least 20.5% of its annual discretionary expenditure on the education sector.

Even if Zambia reaches Completion Point, and creditors write off debt as expected, the country will still face a substantial debt burden (estimated to remain at a level between \$2.7 and \$3.0 billion). However, Zambia's annual debt servicing burden is expected to fall below \$100 million following Completion Point.^{vi}

1.4.3 GRZ Education Reform Program

In the absence of a clearly articulated vision and plan in the education sector, in 1999 the Ministry of Education began the Basic Education Sub-Sector Investment Program (BESSIP). A number of international donors, including USAID, supported BESSIP from the outset. The broad objectives of BESSIP were to address issues of access, quality, and equity in basic education.

BESSIP began early on applying the principles of a Sector-Wide Approach (SWAp), and actively encouraged all donors to follow these principles, including pooling resources and having the GRZ take a much more engaged role in the planning, resource allocation, management, and leadership of the sub-sector. The government and most BESSIP donors have agreed on a common 'basket' or 'pool' approach, whereby plans, budgets, financial flows and accounting systems are to be integrated in a manner that, in its purest form, would make budgetary resources of donors and the government indistinguishable under the system. The Ministry of Education expects to establish and implement financial management systems that are effective, reliable and transparent. Notwithstanding this understanding, the financial management relationship between the Zambian government and donors is significantly conditioned by the preferences of the donors. Thus, although a pure education SWAp is mainly predicated on the assumption that donors pool their resources into a common basket, the reality presently is that many donors still do not adhere fully to this modality.

Beginning this year, GRZ has broadened the SWAp to the entire Education Sector, essentially expanding the existing BESSIP structure across the Ministry under a new Ministry of Education Sector Plan (MOESP). The management structure created to administer the new Sector Plan is made up primarily of senior staff who played key roles under BESSIP and who have been elevated to higher positions with expanded responsibilities that are now truly sector-wide. For example, the Joint Steering Committee, chaired by the Minister of Education, was initially created for BESSIP, but now is a ministry-wide position. The same is true for the new Sector Plan Coordinating Committee (formerly the BESSIP Program Coordinating Committee), which is chaired by the Permanent Secretary. Other management structures now have sector-wide responsibilities, including several under the leadership of the new Director of Planning and Information, who previously held the position of BESSIP Coordinator.

With the adoption of the MOESP, the MOE has articulated a clear, well-developed vision and implementation plan for the Education Sector. It has also intensified its encouragement for donors to harmonize their inputs in support of its programs. MOE developed a detailed Memorandum of Understanding (MOU) and asked donors to become signatories of the document. Signing the MOU indicates that donors agree, in principle, to support the MOE's preferred approach (e.g., SWAp) to the degree possible, including "pooled resources" for

MOESP, and conveys membership and participation in its key management, consultative, and implementation structures. Also, although the MOESP is sector-wide, several donors have indicated they are unable at present to support the broad sector, but rather are interested in continuing their assistance to the basic education sub-sector, as they have been doing under BESSIP. The MOE recognized this potential problem from the outset, and designed the structure of the MOESP to accommodate this (see below), although it has made clear its wish that donors eventually provide broad sector support, without directing it to a specific sub-sector.

1.4.4 Basic Education -- Accomplishments and Lessons Learned

The World Bank concluded in December 2001^{vii} that BESSIP had led to greater coordination within the Ministry of Education and more open communication with international donors. On the other hand, the Bank concluded that BESSIP had been less successful in attracting more resources, “harmonizing” implementation procedures, improving execution and delivery of resources, or translating its vision of basic education into better policy execution. A total of K101.1 billion (\$20 million) was disbursed during 2002 for various components of BESSIP.

USAID/Zambia’s assessment of BESSIP is that the MOE has worked hard to put a structure in place that can improve education delivery. So far, however, gains have been relatively modest. Although the MOE has focused on definition of sub-sector indicators and baseline data have been collected, the capacity to analyze these data and use the information to influence policy direction and investment choices will take time to develop. Already, significant progress has been achieved in standardized reporting of donor resources, despite continued weak human capacity. Until the GRZ announcement of free education for Grades 1-7, enrollment was growing at about 2% per year; after the announcement, 2002 saw a 7% increase. The repetition rate (a measure of efficiency) rose slightly in 2001 and again in 2002. The retention rate remained constant between 2000 and 2002.^{viii} The progression rates from Grade 7 to Grade 8 declined slightly from 2000 to 2001, from 50% to 49%, and the 2001 National Assessment survey for Grade 5 (held every other year) remained low, showing an increase of nearly one and one-half percent in Math, but only 3/10 of one percent in English.^{ix}

Donor concerns about financial accountability have, in fact, inadvertently contributed to the problem since many donors have felt compelled to require the MOE to produce, in addition to GRZ-mandated reporting, specific additional accounting information in different formats – to highlight different aspects of financial reporting of interest to a particular donor. This has begun to change since the MOE developed and implemented, under BESSIP, a system of quarterly reporting that has gained broad acceptance by several donors as satisfying the financial reporting details they need in a single reporting format. This has been welcomed by the MOE, as it minimizes the time and effort that the MOE must devote to preparing different reporting documents, during different reporting cycles, in different reporting formats. This success has also served to encourage the MOE to continue working to bring greater harmonization to its programs, and to donor inputs into these programs.

There is continued weakness in the areas of financial planning and management, in the absence of a clear medium-term expenditure framework for spending projections. This situation is due in large part to the cash-rationing budget principles put in place in 1993 by the Ministry of

Finance and National Planning (MFNP). There has been some progress: the MFNP recently agreed to develop, as a result of World Bank assistance, quarterly cash allocation plans and to inform the line ministries of these planning figures at the beginning of the quarter. The MFNP still releases line ministry budgets on a monthly basis, but against a quarterly, rather than a monthly, cash allocation plan. The MFNP also agreed to guarantee line ministries at least 80% of their recurrent costs for the quarter, and established a bridge loan capability with the Bank of Zambia to meet emergency funding needs, if required. These measures should ensure line ministries, including the Ministry of Education, of a more predictable in-flow of cash from the MFNP, so that it will be able, among other things, to smooth out cash requirements for its new MOESP. Still, development and adoption of a Medium Term Expenditure Framework will improve this process further.

1.5 USAID/Zambia Education Program

1.5.1 Accomplishments and Lessons Learned

1.5.1.1 New USAID/Zambia Education Strategy

From late 1998 to 2003, the strategic objective of USAID/Zambia's interventions in education has been to "improve the quality of basic education for more school-aged children." Project activities were designed to achieve this objective, in collaboration with the MOE, within the framework of the Basic Education Sub-Sector Investment Program (BESSIP). BESSIP has been supported by the GRZ (approximately 60% of annual basic education budget) and over 13 cooperating partners (approximately 40% of annual basic education budget, with about 32% of that in the form of program assistance and the rest in the form of project support). USAID assistance is supporting all nine of the components: over-all management, infrastructure, teacher development, education materials, equity and gender, curriculum development, HIV/AIDS, school health and nutrition, and capacity-building.

Under USAID/Zambia's current CSP, only project assistance has been provided in support of education programs in Zambia. This assistance has concentrated specifically on improving delivery of health and nutrition to children in schools, reaching out-of-school children with basic education through an interactive radio program, developing a management system for improved information to education planners, mitigating the effects of HIV/AIDS on the education system, community sensitization and mobilization, and promotion of girls' education.

USAID plans to refine and enhance education programs with continued project assistance, supplemented by sector program assistance to the GRZ. USAID/Zambia will concentrate both project and sector program assistance on the objective of "Improved Quality of Basic Education for More School Aged Children" during the next CSP period. The Mission's "Concept Paper for Country Strategic Plan 2004-2010," approved by USAID/Washington in December 2002, outlines this continued support to the Zambian Education Sector, building on the successful implementation of programs begun under the last Country Strategic Plan. USAID assistance, both project and sector program support, will continue to contribute to GRZ efforts to improve the quality of learning environments, delivery of school-based health and nutrition interventions, and information for decision-making.

2. Rationale for Sector Program Assistance

2.1 USAID Support for Recent Developments

USAID has welcomed the several recent initiatives to increase ownership and capacity in Africa, and to reduce inefficient and burdensome mechanisms for providing assistance. USAID has been generally supportive of initiatives such as the Heavily Indebted Poor Country Initiative (HIPC), development of Poverty Reduction Strategy Papers (PRSPs), and the New Partnership for African Development (NEPAD). While the trend was already moving positively toward greater direction of the African development agenda in the hands of African leaders, with the formal creation of NEPAD, a number of African countries have demonstrated increased interest and leadership, and have taken greater responsibility for economic development in their countries. Zambia is among these forward-thinking countries, and continues to search for ways to take more direct control of economic development, with the aim of developing better policies, improving execution and delivery of services, and improving the prospects for long-term sustainability. USAID supports these efforts in Zambia, and elsewhere, and is adapting its assistance modalities to support these broad developments in the Africa region.

USAID has long held an interest in providing Sector Program Assistance (SPA) to Zambia, and has been providing SPA to the health sector since early 1999. USAID/Zambia began thinking about the possibility of providing SPA to the Education Sector as early as 2000, when the Mission approved and initially obligated funding for on-going BESSIP activities. The Education SOAG even contained a line item and notional level of funding for sector assistance, although both were dropped in subsequent amendments. The interest was renewed in the summer of 2002 when the Mission commissioned as a part of its Education Sector Review a feasibility study of the possible inclusion of program assistance as one funding modality. The recommendations of the sector review became a part of the Mission's Concept Paper for its Country Strategic Plan 2004-2010, which was submitted to USAID/Washington in October 2002. In approving the Mission's Concept Paper, USAID/Washington reported "widespread support" for using SPA in the Education sector, and authorized USAID/Zambia to proceed with plans to develop its Education Strategy accordingly, to be included in the full CSP expected to be submitted to Washington in late April 2003.

2.2 Enhances Ownership and Accountability

Sector Program Assistance in support of basic education in Zambia will help to reinforce the MOE's desire to set its own agenda for education, and to control the scope and pace of policy implementation in the sector. The MOE has often complained that donors distort the agenda-setting process by offering funds for things important to the donor, rather than supportive of Zambia's needs. The MOE has now taken the considerable step of designing a sector-wide program, using its own resources, focused on policies and programs its top management believes will lead to better quality education for more Zambians, in a manner that can be sustained. By providing Sector Program Assistance, USAID will help to bolster GRZ confidence by putting resources into programs designed and implemented by the MOE. At the same time, SPA will strengthen internal GRZ systems of resource management and accountability via the increased scrutiny that will be focused on how well MOE systems work. This scrutiny will be performed in a number of ways: through review of quarterly reporting from the Ministry, annual audits performed by the Auditor General, and direct observation of implementation progress by USAID

and other donors. The GRZ, for its part, will be motivated by the knowledge that, if funds are not used according to MOE budget allocations or if milestones are not met, USAID's sector assistance will not be disbursed. This point deserves emphasis, because accepting a greater portion of funding as sector assistance carries some risk for the government, which will be expected to perform and which will have no one else to blame if goals are not accomplished. The MOE will set the pace of development, reap the rewards of success, and bear the responsibility if things do not go well. Funds will be disbursed only after milestones have been reached. The government assumes the risk, as it should, for unforeseen delays in the implementation of its annual work plan and budget.

2.3 Supports GRZ-led Coordinated Sector Reform

The Zambian government has adopted a Sector-Wide approach (SWAp) as the primary and preferred mode of external assistance. The Government has endorsed - through such programs as the Health Sector Assistance Program, the Agricultural Sector Investment Program (ASIP) and the Road Sector Investment Program (ROADSIP) as well as BESSIP - this approach as a better system of utilizing and managing external assistance. The GRZ has reiterated its intention to apply the principles of SWAp also to the new Ministry of Education Sector Plan, which has now subsumed BESSIP.

The GRZ believes the conventional donor-by-donor and project-by-project mode of external assistance taxes its already weak absorptive capacity. The Government has adopted the SWAp in order to reduce the burden on its already stretched human resources, and also as a way of increasing the effectiveness of external assistance. The GRZ argues that, when donors operating in the same field/sector collaborate, harmonize their efforts, and build local institutional capacities, that empowers recipients to better plan, implement, monitor and evaluate their own projects and programs, giving them greater influence over the design and use of resources. SWAp places the Government, rather than the donor, in control of the selection of projects and the pace of implementation. In a word, it places the Government firmly in control of its development agenda.

Further, instead of having donors place funds and expertise into a series of stand-alone projects that may not completely support the country's own objectives, the government can be assured that funds going into a SWAp funding basket will be used to support programs it wants to implement. The GRZ also believes that a plethora of stand-alone projects can, and often does, lead to a proliferation of uncoordinated donor projects that not only hinder implementation of Government priorities, but also place overwhelming functional strain on a thin GRZ staff. A key manifestation of this burden is the fact that many donors support projects that have different planning, reporting, accounting, administrative and legal requirements – all of which lead to fragmentation of impact.

2.4 Increases USAID Influence in the Sector

Although USAID is an important player in the basic education sub-sector, it is currently left out of a number of circles open only to the "poolers." The MOU for the Ministry of Education Sector Plan conveys to signatories membership in the new Sector Plan Coordinating Committee (SPCC), a body that has become central in reviewing progress in the education sector and influencing the key decisions that affect the sector. USAID is not currently a member of this

body or of the Joint Steering Committee (JSC), both of which have key responsibilities for approving the Annual Work Plan and Budget and monitoring expenditures for various sector and MOE projects and activities throughout the year. Providing SPA to the basic education sub-sector will give USAID an important seat at the “education table” around which key information is discussed and decisions made that directly affect USAID-funded programs. Therefore, USAID’s seat on the JSC and SPCC will give its team leader a voice and vote regarding the budget expenditure of over \$1.05 billion of the MOESP. Participation in this group will give USAID a degree of leverage over policies and programs that it does not now enjoy. Having a greater voice among the other donors who are already providing significant portions of their funding to the Education SWAp pool is important for USAID. Despite USAID’s significance as a donor in the education sector, other donors seem to have disproportionately more influence on key issues solely due to their membership in these key MOE Sector management bodies, and as contributors of pooled resources that go directly into the MOE budget.

2.5 Multi-donor Agreement on Use of Sector Assistance

There is agreement among the major donors to Zambian education that Sector Program Assistance is important and that it should be provided. In fact, several donors have expressed a very strong interest in having USAID become a contributor to the basic education pool, and a signatory to the MOE Memorandum of Understanding. They appear to believe that USAID participation will lend additional legitimacy to the Education SWAp.

Nonetheless, there is still a reluctance to provide general budget support (only the European Commission is doing so). Also, there is reluctance by the major donors to provide Sector Program Assistance to the entire Education Sector without further consultation with the government (the Netherlands is considering providing funds to the full Education Sector, but has not yet reached a final decision to do so). There is general agreement, however, that Sector Program Assistance should continue to be provided to the basic education sub-sector, as begun under the BESSIP mechanism. Several donors – Ireland Aid, DFID, and the Netherlands – strongly agree with the MOE’s stance that the provision of project assistance is distracting to the government and that it mis-allocates resources away from Government objectives. USAID/Zambia shares the view that it now seems an appropriate time for USAID to join the Basic Education funding pool, but it does not share the other donors’ negative view about project assistance. Rather, USAID believes strongly that there should be a combination of funding modalities to maximize program effectiveness. USAID would use all three major funding modalities:

- ◆ Project Assistance in key areas where the GRZ finds it difficult to work and where delays in decision-making would adversely affect the overall quality of education services. Two such areas are interactive radio and EMIS.
- ◆ Technical Assistance -- aimed at bringing in specific skills, such as HIV/AIDS or IT specialists
- ◆ Sector Program Assistance -- aimed at strengthening existing GRZ systems and ensuring the government takes a leading and decisive role in setting and pursuing the country’s development agenda

Sector Program Assistance is an important piece of this development arsenal, as both the donors and the government agree. At the same time, USAID needs to utilize every funding modality at its disposal to ensure its full partnership and maximum influence in the sector.

2.6 Reduces GRZ Project Management Burden

There is little dispute that many donors implementing many projects, with different schedules for committing funds, different reporting requirements, and all needing at some point to interface with GRZ officials, places a considerable burden on Government. Under the best of circumstances, GRZ officials knowledgeable about these projects are overworked and hardly have sufficient time even to meet with donors, not to mention time to remain current with project developments and progress. When these responsibilities are coupled with the need to try and ensure that all activities are consistent with – and hopefully contribute to – the Government’s development goals and objectives, it is easy to grasp the pressure under which many GRZ officials find themselves. The situation often results in a number of projects that contribute only marginally, if at all, to GRZ priorities: high administrative costs, lack of country ownership, cost and time overruns, and a disappointing record of sustainability. In some cases, the primary objective of many projects is missed; instead of building capacity, some projects end up taxing existing capacity and exacerbating the very problem they are designed to relieve. Sector Program Assistance provided directly to the GRZ for use within its own budget will free up GRZ staff to implement programs, their proper job, instead of catering to the information needs of well-intentioned donors whose projects may not in fact contribute as effectively as they should.

2.7 Provides Needed Education Sector Support

The MOE has developed a comprehensive “Strategic Plan 2003 – 2007,” which outlines the GRZ investment in basic education across a myriad of program categories. Many of these categories support the MOE decentralization plans to transfer resources to the district level and directly to schools, and to devolve planning and management control to the districts as well. USAID/Zambia believes, as does the MOE, that these actions are critical to improving both access to education for an increased number of pupils and the quality of education. Current USAID/Zambia project assistance supports specific pieces of the GRZ strategy, but Sector Program Assistance will enable the Mission to enhance those same key areas, and will therefore increase the effectiveness of the U.S. project assistance. The following examples illustrate how project and sector program assistance might be used effectively together:

Example 1: USAID project assistance provides content development and broadcasting of age-specific and grade-specific materials to schools. Program assistance could expand the reach of these materials to community schools/zonal resource centers, support development of distance education strategies for using broadcasting as a delivery medium, and expand IT capacity and methodologies for distance learning. The objective of both project and program assistance: increase the number of pupils receiving education through broadcast media.

Example 2: USAID project assistance supports institutionalization of EMIS in central MOE offices, provinces and districts. Program assistance could support training of DEB staff to collect/input education data/life skills information.

Example 3: Project assistance is used to establish an SHN intervention delivery system, and health and medical education regarding sanitation, de-worming, and micro-nutrients. Program assistance could be used to expand education to communities, create synergies between schoolteachers and health workers, and develop information packets that can be sent to children's homes.

While Sector Program Assistance can be used by the GRZ to support any of the basic education programs contained in its NIF and AWPB, USAID would be particularly interested in looking closely at those areas in which USAID project funding is focused: increasing access and quality, mitigating the impact of HIV/AIDS, increasing the reach of an effective SHN program, expanding use of EMIS to all levels of the education system, and supporting the Ministry's decentralization plans to bring more resources to districts and schools.

3. Program Assistance Strategy

3.1 Support GRZ/MOE-led Education Sector Plan

The MOE has developed a new Ministry of Education Sector Plan, detailed in its "Strategic Plan 2003-2007," "Education Sector Program – Annual Work Plans & Budgets," and "National Implementation Framework." The Ministry of Education Sector Plan (MOESP) covers the Ministry as a whole, rather than a single sub-sector. The overall goals of the MOESP are set forth clearly in a Memorandum of Understanding prepared by the Ministry and circulated to all donors.

The goals are defined as follows:

- ◆ Equitable access to education at all levels through formal and alternative modes of delivery in partnership with key stakeholders
- ◆ Quality and relevant education that enhances knowledge, skills, attitudes, values and lifelong learning
- ◆ An improved policy formulation, planning and information-management environment
- ◆ Sufficient, skilled and motivated human resources for the education system
- ◆ A properly financed, professionally managed, accountable and cost-effective decentralized education delivery system, and
- ◆ An education system that counters the HIV/AIDS pandemic and manages its impact on education delivery, poverty and gender inequity.

The MOU further explains that, among all programs within the Ministry, first priority will be afforded to basic education.

The MOE makes clear that it intends to "move towards a full SWAp" and that the funding modalities to be used by donors should reflect this. The revised funding modalities to be used across the Ministry of Education are as follows^x:

3.1.1 Direct Sector Support Fund (Pool Funding)

Funds are channeled directly to the MOE and deposited in a common bank account *under the MOE's control and management*. Funds will be used for approved activities identified for

the whole sector, as defined in the National Implementation Framework. Each level – basic, high school and/or tertiary sub-sectors – can be beneficiaries of these pooled funds.

3.1.2 Designated Support Funds

Funds are channeled directly to the MOE and deposited in separate, donor-designated bank accounts *under the control and management* of the Ministry. These funds will be allocated according to prioritized requirements and bilateral donor agreements with MOE. Further, allocation of funds to each sub-sector or specific activities will be defined in the AWPB, as guided by the National Implementation Framework.

3.1.3 Other Support Fund

Funds are provided from existing bilateral agreements with donors who continue to provide project funding within the stipulation of these agreements. The funds will be deposited in separate bank accounts *under the control and management* of the donor agency, but will be used in line with the objectives and priorities set out in the National Implementation Framework.

All new support for education -- if pooled -- will go into either the Direct Sector Support Fund or one of the Designated Support Funds. If funds are to be used throughout the education sector, they will go into the Direct Sector Support Fund. It appears there will be several Designated Support Funds, presumably with separate pools established for each major MOE sub-sector -- including one for basic education, which likely means that the current BESSIP pool will continue under MOESP, although perhaps with a different name. All non-pooled funds – those not under MOE control – will be categorized as “Other Support” and will be accounted for perhaps through the use of separate “other support fund” accounts established for each major sub-sector, since donors will now be expected to report to MOE on all project funding. The Ministry has made clear its intent that that all donors be encouraged to pool their resources for support to the education sector, consistent with the MOE’s long-term goal of phasing out on-going stand-alone projects. The Ministry has encouraged all donors to become signatories to the MOESP Memorandum of Understanding, signed by most basic education donors in a widely publicized ceremony in Lusaka in February 2003.

One practical issue that MOE must address for BESSIP is how to handle the transition from the current “BESSIP pool” to one of the new funds identified under the MOE Sector Plan, all of which will eventually be managed under a common Integrated Financial Management Information System (IFMIS). Although this system is not yet in place, the MOE is slated to begin using it on a pilot basis as soon as it is available. In the interim, MOE is using two accounting systems simultaneously: the Financial Management System (FMS) to account for GRZ expenditures, and a proprietary financial software package^{xi} to account for donor expenditures currently under BESSIP. The Ministry of Education Accounting Unit has overall responsibility for all ministries’ accounting, and BESSIP accounting will eventually be subsumed within this unit. The BESSIP Financial Manager told USAID her office plans to continue tracking existing agreements under the chart of accounts initially established, until these agreements expire. This approach appears to offer a sensible temporary solution. At present, the BESSIP Financial Manager says the system being used for BESSIP accounting is more robust than the Ministry of Finance’s existing financial system, the FMS. IFMIS is currently projected

to be operational by 2005, and all GRZ accounting is to be integrated into this new comprehensive system.

3.2 Other Donor Experience with Program Assistance in Zambia

Other donor experience with program assistance in Zambia has been mixed, although with respect to basic education the experience has been generally positive. The general outcome of program assistance in the health, infrastructure (roads), and education sectors is that there has been an improvement in local ownership of development issues, more standardized reporting on resource allocation, and some progress in the health and education sectors. At the same time, qualitative results have been disappointing or hard to quantify. One of the key constraints in the basic education area has been the inability to attract and retain skilled people – teachers, managers, and administrative and technical personnel. Lack of donor confidence that government financial management and reporting systems are sufficiently robust and transparent has been a principal reason for the relatively cautious provision of sector support (about 32% of total donor assistance to BESSIP) and an even greater reluctance to provide general budget support.

3.3 Common Monitoring and Evaluation

The GRZ plans to prepare quarterly finance and progress reports that will be presented to the Strategic Plan Coordinating Committee (on which USAID can sit if it becomes a signatory to the MOESP Memorandum of Understanding). An annual MOESP progress and financial report will be prepared at the end of each calendar year. The Joint Steering Committee (JCS), another committee reserved for signatory partners, will review progress against the Annual Work Plan. There will also be an annual Independent Audit Report, prepared by the Office of the Auditor General of Zambia. Finally, the MOE is planning to carry out a Mid-Term Evaluation in the third year of the Strategic Plan. USAID/Zambia is proposing a seven-year Sector Program Assistance Strategy, which would be reviewed at the end of Year Three, to coincide with the Ministry's Mid-Term Evaluation of the MOESP. This would offer a unique opportunity for USAID to assess progress under the Education SPA, perhaps jointly with the Ministry's review of the Sector Plan. Special attention could then be focused on the reasonableness and utility of the USAID milestones selected to date under the Education SPA, against the pace of MOE progress in improving basic education performance (per agreed indicators) and in assessing the progress of decentralization. This should be invaluable in helping the Mission determine appropriate milestones for the second half of the Education SPA.

3.4 Leveraging of USAID Assistance for Key Policies and Programs

The December 2001 World Bank report cites several “binding constraints on progress” in the education sector, specifically with respect to basic education. USAID/Zambia conclusions based on its own assessment of issues as well as discussions with GRZ personnel and with other donors concerned with education delivery in Zambia, are very similar. Important constraints include:

- Limited implementation capacity
- Slowness in developing MTEF
- An understaffed Directorate of Planning and Information
- Slow decentralization progress

- Slow creation of District Education Boards
- Lack of adequate monitoring due to insufficient basic data and capacity
- Lack of coordination between the MOE and MFNP

USAID/Zambia proposes to address all of the above constraints through a combination of Project and Sector Program Assistance during the implementation period of the 2004-2010 CSP. This can be accomplished with fine-tuning of projects that will be undertaken in support of the MOE Strategic Plan, and with selection of appropriate milestones under new Education Sector Program Assistance to support basic education.

The CSP presents a well-integrated Mission strategy, with the education Strategic Objective clearly focused on improving the quality of basic education for more school-age children. The core of the Mission's Education Strategy will be supported by project assistance; specifically, through the continuation, expansion, and enhancement of project activities under the current CSP. Sector Program Assistance is closely aligned with current project assistance to the sector, and complementary to it. In fact, Program Assistance is designed to extend the impact of project assistance through support of the Ministry's efforts to complete its restructuring under the Public Service Reform Program (PSRP) and to bring concrete expression to plans to decentralize education delivery systems in order to place receipt and management of education resources closer to the point of learning dissemination, i.e., at the provincial and district levels. For example, under USAID/Zambia's extension of IRI (expanding content for different age children, making transmissions available on an ever-widening basis), Program Assistance can be used within the MOE Strategy to develop materials appropriate for government schools that are not funded through IRI project assistance. It can also bring the same technology into community schools, train community school staff, and extend IRI support to schools not receiving IRI project assistance.

Another example of synergies between project and program assistance relates to Ministry efforts to bring about greater decentralization, particularly as relates to delivery of basic education. Decentralization will affect all USAID/Zambia projects, but the reach of USAID project assistance is not sufficient to directly advance the Ministry's efforts on a broad basis, outside of strengthening information-management and data systems. Key MOE efforts on which USAID Sector Program Assistance could be particularly helpful include: budgeting and financial management training for provincial and district staff, and support for District Education Boards (training in financial accountability, human resource management training, and training in education policy development and procurement, to name but a few of the very real obstacles to meaningful decentralization). The milestones embody these specific outcomes – staffing and training of DEBs, staffing and training of personnel who can collect and input education management information into EMIS in the provinces and districts, and staffing and training of DESO staff at the provincial level (who will understand the importance of education information and subsequently provide data into IFMIS). Within the specific budget estimations contained in the MOE Strategic Plan 2003-2007, USAID program assistance milestones can help ensure and sustain MOE achievement of these important elements of their Strategy. The same use of USAID program assistance will also reinforce USAID project assistance goals in the sector.

3.5 Expected Results/Impact

Through a combination of Project Assistance and Program Assistance, USAID/Zambia would expect to have a positive impact on:

- ◆ Providing quality basic education for primary school pupils, as well as out-of school children, orphans and other vulnerable children
- ◆ Mitigating the impact of HIV/AIDS on education
- ◆ Developing and implementing policies, plans and programs for school health and nutrition
- ◆ Improving information for efficient resource management through utilization of a decentralized EMIS, and
- ◆ Improving financial and human resources management through assistance to GRZ efforts to decentralize delivery of education

3.6 Key Benchmarks

USAID/Zambia has developed five Performance Areas, all of which fall within the basic education sub-sector of MOESP's National Implementation Framework. Those five Performance Areas are the same areas that will be supported by USAID/Zambia project assistance to the basic education sub-sector during the 2004-2010 CSP, and are, therefore, directly supportive of GRZ efforts. The Performance Areas are:

- ◆ Provision of Quality Basic Education for More School Aged Children, Including Those Out-of-School, Orphans and Other Vulnerable Children – especially girls
- ◆ Mitigation of the Impact of HIV/AIDS on Education
- ◆ Development and Implementation of Policies, Plans and Programs for School Health and Nutrition
- ◆ Improved Information for Efficient Resource Management
- ◆ Improved Financial and Human Resources Management

The Mission has developed a number of “Illustrative Milestones,” either taken directly from the MOESP National Implementation Framework or based on it (see Appendix 15 for a full list of Milestones). Although the full list of possible Milestones is spread over the full seven years of the Education SPA, less detail is provided after year three on the assumption that important new Milestones may be identified as implementation proceeds. The longer list of Milestones includes a more fully developed list of Illustrative Milestones, which the Mission believes are the most likely proxies for progress in each of the five Performance Areas during the first three years of implementation (this shorter list is found at Appendix 16).

Like SPA already approved for the Zambia Health sector, USAID/Zambia is requesting USAID/Washington approval of a “rolling design” that will permit future Milestones to be negotiated by the Mission with the GRZ as part of its annual SPA review. This is consistent with program assistance guidance that lack of flexibility can leave programs vulnerable to key external developments, resulting in an inability to respond to important political or macro-

economic changes. This Education Sector Program Assistance Strategy is presented as a seven-year program, and USAID/Zambia is requesting Washington approval for the full period. Moreover, USAID/Zambia is also requesting Washington approval to review the Education SPA at the end of the third year – at the same time the GRZ plans to hold a mid-term review of its new MOESP. The Mission is requesting, further, Washington concurrence to use this review after the initial three years of implementation as the basis on which to decide whether the Education SPA is sufficiently successful to be continued as designed, if it needs significant modification, if it could be extended to other sub-sectors and truly become support for the entire Education Sector (should USAID funding be available outside the “basic education earmark”), or whether it should be discontinued. Although a short list of Illustrative Milestones, and suggested disbursements associated with each, are identified for the initial three years (Appendix 16), the rolling design should provide USAID/Zambia the opportunity either to re-confirm or to re-negotiate Milestones annually after the first year of implementation. It should also be noted that the short list of Milestones would continue to be discussed (negotiated) with the GRZ as the Ministry of Education continued to refine the indicators for its Sector Plan.

While USAID/Zambia will review the situation closely and address specific Milestones during negotiation of the Education SPA agreement, current information suggests that the short list of Milestones identified in Appendix 16 offers a good starting point for developing reasonable Milestones. This list also appears to offer the basis for achieving USAID and MOE objectives during the initial three-year implementation period. Specific releases to be associated with each Milestone, and the specific verification documentation USAID/Zambia will require from the MOE, will be refined following completion of the Pre-Award Assessment of the MOE and during negotiation of the Education SPA agreement, as USAID funding levels become clearer.

3.7 Critical Assumptions

Effective implementation of the Education SPA will be heavily dependent upon a number of factors. This section attempts to summarize those assumptions that are critical to the implementation process.

3.7.1 Adequate GRZ/MOE Sector, Sub-Sector and Program Financing

Despite increased allocations to the education sector (as a percentage of GDP) in recent years, the past dozen years have been characterized by insufficient education sector funding. The MOE projects a five-year budget that is dependent on domestic resources (75%) and external funding (loans and grants). If either falls short, there will be insufficient resources to accomplish the Plan put forward by the Ministry of Education. Therefore, adequate financing is critical for the sector. Within the Education Sector, basic education has received the lion’s share of funding. Non-salary recurrent costs for Grades 1-9 are projected to receive K1, 890,722 million (\$378.1 million^{xiii}), or 63% of total non-salary-recurrent-cost funding expected to be available to the sector for the period 2003 – 2007.

3.7.2 Political Commitment -- Policy Coherence/Timeliness

An important assumption is that the GRZ will retain the priority it has afforded to education, and to basic education in particular. This commitment must continue for the full five-year life of the MOESP and into the future, if significant positive changes are to occur. The

GRZ must ensure that its long-term policies continue to be supportive of macroeconomic structural change, poverty reduction, and social sector improvement, including an aggressive attack on HIV/AIDS. In addition to the long-term political commitment of the government, implementation policies supportive of the Education Sector must be carried out on a timely basis, without the delays that might result from internal bickering over priorities among the various sectors competing for scarce resources.

3.7.3 Capable Individual and Institutional Capacity to Manage Reform Program

Adequately trained and dedicated human resources remain an important key. Zambia has trained personnel, but the country continues to lose large numbers of trained teachers and other human resources to neighboring countries, where they find better compensation for their skills and better living conditions. HIV/AIDS and other diseases also reduce the number of skilled individuals necessary for Zambia's development. Particularly with respect to losses of teachers and managerial and administrative personnel in the education sector, Zambia must find a strategy that will permit the recruitment and retention of personnel in sufficient numbers, and other strategies that will compensate for teacher absence and attrition. Implementation of these strategies will be key to improving both access to and quality of education.

3.7.4 GRZ Will Meet HIPC Triggers

HIPC is extremely important to Zambia. Without the interim debt service relief extended to Zambia after the country reached the Decision Point in December 2000, debt servicing would be crippling. Savings as a result of interim debt service relief average some \$300 million each year between 2001-2003. Meeting the HIPC triggers and reaching the Completion Point will result in forgiveness of nearly \$4 billion. It is imperative that Zambia meet the triggers and obtain the debt forgiveness if it is to make any real headway in reducing its staggering accumulated debt, currently \$6.5 billion.

3.7.5 Decentralization -- Resources and Responsibilities Continue to Move From Center to Districts and Schools

Zambia is well into implementing a restructuring plan under the Public Service Reform Program. Implementation must continue, not only in terms of rationalizing the existing public service (size, responsibilities, location of jobs), but also in terms of ensuring a steady devolution of authorities and resources away from the central government to management operating closer to the delivery of services. This is crucial in the social sectors, but especially for the education sector, which is devolving (de-concentrating) at a much slower pace than the health sector, which began its restructuring and decentralization process nearly a decade ago.

4. Program Assistance Implementation

4.1 Planning Requirements

Initial planning for an Education SPA began in July 2002 when USAID/Zambia commissioned a feasibility study to look at the potential for implementing program assistance in Zambia. The study looked at GRZ policy toward the Sector-Wide Approach (SWAp) to development planning and implementation. Discussions were held with GRZ officials in several ministries (Education, Agriculture, Finance), with other donors actively involved in SWAp

implementation in Zambia, and with other USAID offices, including health, which has very recent and relevant experience with Sector Program Assistance. These discussions led the Mission to conclude that a carefully designed Education Sector Program Assistance component could be a solid complement to the project that USAID/Zambia is already implementing and that is planned for the coming CSP period. The next stage was to discuss the Sector Program Assistance idea with the Program Assistance Task Team in USAID/Washington, and subsequently to include the idea of Sector Program Assistance in the CSP Concept Paper that was presented to USAID/Washington in October 2002. State 267694 of December 30, 2002, provided Washington approval of the approach outlined in USAID/Zambia's Concept Paper.

USAID/Zambia has concluded that Education Sector Program Assistance disbursed in cash in U.S. dollars through an auction system is preferred and justified. For Health Sector Program Assistance, the Mission has already established this disbursement procedure. The Mission has confirmed the existence of substantial liberalization of foreign exchange and import controls in Zambia, and procedures for establishing a Separate Dollar Account are already in place with the Ministry of Finance and National Planning and with the Bank of Zambia.

4.2 Pre-Award assessment of MOE Financial Capabilities

SPA guidance (Special Planning Requirements – Analyses) requires that USAID must “undertake institutional and financial management analyses to ensure in-country capability exists to implement all elements of the assistance,” including “...accounting for HCOLC...” The guidance says further, “These analyses shall be based on the operating unit’s general assessment of the host country’s accountability environment, which assessment is required periodically by USAID/W.” The Ministry of Education’s budgetary processes will be examined to ensure their sufficiency to handle funds placed into a “common basket.” Once the budgetary processes are established as sufficient, HCOLOC generated from the auction of U. S. dollars disbursed under the Education SPA will be programmed as general sector support in accordance with Policy Determination 18.

USAID/Zambia has prepared a detailed scope of work for a pre-award assessment of the Ministry of Education (see Appendix 17). The assessment would examine the Ministry’s financial management capabilities, accounting systems, internal control systems and policies, and procedures and practices. The scope of work is sufficient to provide USAID/Zambia with the information necessary to assess the Ministry’s capabilities to administer SPA, and specifically to program and account for HCOLC. In the case of the Health SPA, USAID/Zambia contracted with Price Waterhouse and Deloitte and Touche to do assessments of the Ministry of Health and the Ministry of Finance. With respect to the Education SPA, USAID/Zambia’s Office of Financial Management has advised that it will not be necessary to do a new assessment of the Ministry of Finance.

The World Bank has just completed a detailed assessment of the Government’s entire Public Expenditure Framework.^{xiii} The report looks at the budgeting and allocation system followed by the GRZ, and assesses its strengths and weaknesses. It provides a picture of a competent government system of budgeting and funds allocation, which is being strengthened with World Bank assistance. One of the points made several times in the Bank report is that there has been a conscious decision on the part of the government to protect the social sectors

(education and health), and that both the Ministry of Education and the Ministry of Health have routinely received actual cash releases from the Ministry of Finance and National Planning greater than their annual budget requests. With respect to the Mission's proposed Education SPA, this documents a strong FRZ commitment to the support of the education sector in the past, a commitment that should be strengthened by the Ministry of Education's most recent comprehensive five-year Strategy Plan and its detailed Annual Work Plan and Budget for 2003. The recent forward-looking planning and budgeting done by the MOE should also increase the Ministry of Finance and National Planning's confidence in the MOE, demonstrated by its past record of cash allocations. Mission experience with the Ministry of Finance and National Planning under the Health SPA, other donor experience with the MOE under the BESSIP funding pool over the past three years, and the World Bank's recent assessment of the GRZ public expenditure framework as a whole, give the Mission the confidence to request that the USAID/Washington review and approval process move forward at the same time that the Mission goes forward with the pre-award assessment of the MOE.

The solicitation for the assessment of the Ministry of Education is to be completed by the end of March 2003. The estimated level of effort to perform the assessment is 60 days, although with the normal need for the contractor to review any USAID questions and comments and make revisions to its report, it is prudent to expect that the pre-award assessment will be completed ninety days from the date of the tender, or no later than the end of June 2003. Given the CSP review schedule that USAID/Zambia has agreed to with USAID/Washington, the Mission requests that the Washington review and approval process for the Education SPA and the pre-award assessment for the Ministry of Education proceed simultaneously. If Washington approves the Education SPA before the assessment is completed, a Condition Precedent to Disbursement of Funds will be included in the agreement.

4.3 Consultations With GRZ on Benchmarks

USAID/Zambia has begun the process of discussing benchmarks. The Education Team Leader, along with a consultant strategy design team, met with the MOE Director of Planning and Information to discuss USAID's preliminary list of benchmarks ("milestones"). The Director's initial reaction was positive, although he wanted to compare the preliminary list with the benchmarks included in the MOESP and in its accompanying documents: the Annual Work Plan and Budget, and the National Implementation Framework. The Director also told USAID that the budget and work plan documents distributed to donors in early February were drafts, and that the MOE planned to complete a final version – which might include updated benchmarks – by the end of March 2003. A subsequent meeting was scheduled to meet with the Director and his senior staff, and a meeting is expected with the Permanent Secretary to explain USAID's thinking about supporting the basic education sub-sector of the MOESP and USAID's concept of how sector program assistance can sector support the Ministry's plans as well as to present the preliminary benchmarks that will be refined in subsequent discussion/negotiation with the MOE, and that will subsequently serve as the release triggers for any assistance USAID decides to provide using this modality.

The benchmarks were also discussed with the Director of Planning at the Ministry of Finance and National Planning, the Budget Director of the Ministry of Finance and National Planning, the BESSIP Finance Director of the Ministry of Education, and the Chief Accountant

at the Ministry of Education. These were preliminary discussions, and the USAID Mission plans to have more detailed discussions as the large universe of possible benchmarks is narrowed down to implementation level.

4.4 SPA Agreement

USAID/Zambia intends to follow the experience of the Mission's Health Office, and develop a Sector Program Assistance Agreement (SPAA), which will need to be negotiated with Government, and signed by the Ministry of Finance and National Planning, with Ministry of Education agreement. USAID's Regional Legal Advisor has advised the Mission that there must be a SOAG (separate bilateral agreement) as well as an SPAA, indicating that it will not be possible to include a Sector Program Assistance section in the new SOAG for SO 6 (although it will be referenced). The SPAA will establish disbursement procedures as well as illustrative milestones for the initial three years of the Agreement (disbursement procedures are described in Appendix 18; milestones are discussed in Appendices 15 and 16).

4.5 Trust Fund

USAID/Zambia intends to negotiate a Trust Fund to support Mission administrative expenses. The Health SPA established this precedent, and it should be continued under the Education SPA. Up to ten percent of local currency generations will be deposited directly from the Separate Local Currency Account to the USAID Trust Fund (see discussion of disbursement procedures in Appendix 18).

4.6 USAID Management Capability/Requirements

Managing Sector Program Assistance is labor-intensive, and will require USAID/Zambia resources dedicated specifically for this purpose. The Ministry of Education, under BESSIP, has made a determined effort to involve the pooling donors in dialogue and to ensure they are kept fully apprised of Ministry plans and actions. The Mission determined that Ireland Aid, one of the principal pool contributors to the BESSIP funding pool, has one full-time person devoted to management of its sector assistance; in addition, the principal Ireland Aid representative spends half of his time on education sector assistance. The First Secretary at the Embassy of the Netherlands, responsible for Dutch sector assistance to BESSIP, devotes some 40% of his time to the task and about 60% of the time of a full-time education specialist. The British representative at DFID spends the majority of his time on sector assistance issues. In addition, they each invite personnel from headquarters in their home countries to participate in periodic reviews for one to three weeks a year. Given the substantial time involvement in policy dialogue, negotiations, tracking progress of MOE in satisfying milestones, and various reporting tasks, USAID/Zambia requests approval of one US/TCN PSC to manage the Education SPA. In addition, the Mission requests one additional full-time financial analyst to handle funds transfer issues and to assist with the verification of progress against milestones that will serve as funds disbursement triggers. The Education Team Leader, the Mission Program Economist, and other Mission staff will also need to be involved at crucial points during implementation of the Education SPA.

4.7 GRZ Management Capability/Requirements

USAID/Zambia believes that management capabilities at the MOE are strong and that procedures are well established within the Ministry. The Director of Planning and Information will be the principal contact at the MOE for overall policy, planning and substantive issues

related to establishing and meeting milestones, and other issues that arise through the Sector Plan Coordinating Committee. The BESSIP Finance Manager (who is likely to take on broader responsibilities under the Ministry Sector Plan) and/or the Chief Accountant of the Ministry will be principal contact(s) with respect to financial issues.

The Mission plans to continue to establish working contacts at the Ministry of Finance and National Planning. Initial contact has been established already with the Director of Planning, the Director of Budget, and the Director of Economic and Technical Cooperation. The USAID Desk Officer, who participated in one meeting at Finance where the Education SPA was discussed, has been very helpful to the USAID Health Office in making arrangements for the Health SPA. The Education Office, in collaboration with other Mission resources, plans to work with the Ministry of Finance and National Planning to establish a committee that will handle SPA issues. The USAID Health Office found that establishing a committee at MFNP to follow the Health SPA was very beneficial, and that the Ministry's appointment of the Acting Director of External Resource Mobilization as head of the MFNP team for the Health SPA proved very effective. The Education Office plans to follow the same procedure, and work through some of the same individuals in establishing a working relationship at MFNP for implementing the Education SPA.

4.8 Coordination with other donors

Currently there are six donors providing funds to the BESSIP funding pool (Netherlands, Norway, Ireland, the United Kingdom, Finland, and Denmark). In addition, the European Commission provides foreign currency (Euros) to the Ministry of Finance and National Planning for generation of local currency (kwacha) that the GRZ uses for debt reduction and to finance priority budget expenditures in the health, education, agriculture and infrastructure sectors. The EC has developed a program tied to Zambia's Poverty Reduction Strategy Paper and to its HIPC initiative. The Irish, Swedes, Danes, and Dutch have expressed interest in examining more closely a relationship with the MFNP, but all plan to monitor closely USAID's experience with the proposed Education SPA before making any firm decision to alter their established procedures.

At present, coordination among donors in the education sector is frequent and quite good. The problem for USAID is that, as a "non-pooler" and a non-signatory to the Ministry of Education Memorandum of Understanding, USAID is not included in a number of key meetings and discussions. Especially, USAID is not a member of the Joint Steering Committee or the Sector Plan Coordination Committee, key policy deliberation bodies for the Education Sector. This leaves USAID at a considerable disadvantage. The situation will change when USAID signs the MOU. There is the expectation that USAID/Zambia will be able to sign the MOU after USAID/Washington approves the Education SPA and the new Education SOAG is in place.

5. Resource Disbursement Mechanisms

5.1 Dollars Disbursed to MFNP Against Benchmarks ("Milestones")

USAID/Zambia has developed a disbursement mechanism under the Health Sector Program Assistance (SPA) that has been negotiated over several months. This re-negotiation of a dollar disbursement mechanism became necessary after Zambia reached the Decision Point

under HIPC in December 2000, in anticipation that all U.S. debt would be forgiven under HIPC. The same auction mechanism will be used for the Education SPA, since all issues of funds transfer have already been sorted out with the Ministry of Finance and National Planning. The Mission has discussed the mechanism with several key individuals at MFNP, including the Director of Planning, the Director of Budget, and the Director of Economic and Technical Cooperation. Mission personnel also met with key individuals at the Ministry of Education, including the Permanent Secretary, the Director of Planning and Information, the Chief Accountant, and the BESSIP Financial Manager. All have agreed to the basic tenets of the way funds will be transferred, the preliminary milestones against which funds would be released, and the use of funds in support of basic education activities. The disbursement procedures^{xiv} are described in Appendix 18.

5.2 Local Currency Requirements and Usage

5.2.1 Host County Owned Local Currency (HCOLC)

Using an auction to disburse U.S. dollars under the proposed Education SPA will generate local currency that will be considered owned by the host country (HCOLC), and must be deposited into a separate account. HCOLC must be programmed jointly with USAID, in a manner consistent with appropriation legislation. These funds will be deposited into a “common basket” with other resources (from the GRZ and donors), which will be programmed as part of the GRZ’s “on-budget” resources projected in its budget documents, specifically to implement the Ministry of Education “Strategic Plan 2003 – 2007.”

5.2.3 Approved Use of HCOLC

USAID/Zambia is recommending that HCOLC generated under the Education SPA be used for two of the four approved uses of such generations. Not less than ninety percent (90%) of the HCOLC will be used to support the Education Sector of the government budget. Up to ten percent (10%) of the HCOLC will be used to fund administrative costs of the USAID Mission in Zambia.

5.2.4 HCOLC Implementation Requirements Accountability

USAID will provide adequate accountability for local currencies generated under the Education SPA. Specifically, USAID will ensure that local currencies are:

- ◆ Deposited and disbursed in the agreed-upon manner
- ◆ Used for intended purposes once they are disbursed from the Local Currency Separate Account, and
- ◆ Evaluated for impact on the HCOLC-financed programs

5.2.4.1 Monitoring

USAID/Zambia plans to supplement its ability to monitor the Education SPA by using program funds (from the Education SOAG, not from the SPAA) to secure US/TCN PSC technical assistance. This is proposed as a full-time position, and will be used in conjunction with other Mission resources.

5.2.4.2 Audits

The Education SPA agreement will include the requirement that the GRZ conduct regular internal and external audits at least once every year through the Zambian Auditor General. USAID/Zambia may also consider contributing to the strengthening of internal audit capacities and/or funding (or co-funding) independent external audits. USAID/Zambia could consider this possible support either as an Education Ministry-specific issue with program funds from the Education SOAG, as a broader anti-corruption measure in conjunction with SO8 (Government Held More Accountable) activities, or possibly as a jointly programmed SPA milestone with SO7 (Improved Health Status of Zambians).

5.3 Reporting Requirements

Reports must be received at least quarterly, covering every aspect of the Sector Program Assistance. BESSIP has developed a quarterly report that is distributed to all members of the SPCC. The report details expenditures against the BESSIP annual budget, which adequately details uses of BESSIP resources, down to the district level. This report is adequate for USAID purposes, and has been accepted by all six of the current contributors to the BESSIP pool. A new chart of accounts is being developed by the Ministry of Education to reflect the budget structure of the MOESP and the Annual Work Plans and Budget that will reflect expenditures for the basic education sub-sector. USAID/Zambia will need to review this new reporting format to ensure that it has the detail of information needed. The experience of other pool contributors with the original BESSIP reporting is positive and provides a reasonable basis on which USAID can anticipate sufficient reporting detail under the new format. At the writing of this document, the new reporting format has not been completed.

The Health Office of USAID/Zambia has worked out detailed arrangements with the Ministry of Finance and National Planning, establishing reporting on tracking funds deposited to the Special Dollar Account, and to the Special Local Currency Account for the Health SPA. The Education Office plans to follow the Health Office reporting procedures, already in place. See disbursement procedures above for discussion, including documentation of transfers.

6. Feasibility Analyses

6.1 Transparency and Accountability

6.1.1 Corruption as a Major Impediment to Development

Zambia also has a weak record of “good governance,” particularly in the area of accountability of resources (both domestic and external). This is a factor that leads to a level of concern when considering providing resources into a system perceived as less than transparent and not fully accountable. Weaknesses in public resources management and accountability have been reported periodically in the Auditor General’s reports to the President. Unauthorized and unconstitutional expenditures seem to be reported by oversight institutions with some frequency, and many are highly publicized. All these revelations raise serious questions regarding the financial resource management capacity of the government system in Zambia, and these are valid concerns that must be addressed.

Nonetheless, a number of recent considerations are very promising and should be taken into account when looking at Zambia's overall record. A number of donors are working with the GRZ to strengthen the operations of the Office of the Auditor General. The World Bank, Norway, and the Netherlands are all working with the government on this issue. The United States has offered its assistance as well.

Particularly noteworthy is the high profile anti-corruption campaign underway in Zambia. In July 2002, the President of Zambia went public with a number of allegations that may implicate former President Chiluba and other high-ranking officials of mis-handling large sums of public funds. Although an Anti-Corruption Commission has been functioning in Zambia since the 1980s in order to sharpen the Government's investigative resources, an Anti-Corruption Task Force was also put in place, and legal proceedings have been working their way through the Zambia system of justice. When Parliament heard the allegations, it debated whether the former President's immunity should be lifted so that a full investigation could be conducted. Following that debate, the decision was taken to lift the former president's immunity. After further investigation, Chiluba was interrogated, formal charges were lodged against him, and in February 2003 he was arrested. The case is now with the Zambian courts, and has already involved the Supreme Court.

These proceedings have taken place under much public scrutiny. There were public demonstrations early in the process, and there has been an outcry of public outrage and extensive media coverage (newspapers, television, radio) that has continued unabated for more than seven months. Now that the Anti-Corruption Task Force is in full operation, newspaper and other media carry daily requests for information on suspected wrong-doing that may have occurred over the last decade, effectively broadening the investigation to include all public service performed in recent memory.

These actions are unprecedented in the region – and rare anywhere in the world. President Bush lauded the Government of Zambia's anti-corruption efforts when Ambassador Inonge Mbikusita-Lewanika presented her credentials to him in February 2003. The President also pledged U.S. help in support of Zambia's fight against corruption.

The strong anti-corruption campaign being conducted under the leadership of President Mwanawasa sends a very strong message to the people of Zambia that corruption will not be tolerated, and that the same high standards will be applied to any citizen regardless of his or her position. Government has stated a policy of "zero tolerance on corruption." Moreover, while the public has been very vocal, often showing a lot of emotion, the government is conducting the anti-corruption campaign through the Zambian legal system, with a great deal of poise and in a manner that appears to be following legal precedent where it exists, and breaking new ground at the same time.

These events bode well for Zambia. They help to instill a sense of confidence that the country and its leaders are prepared to take difficult decisions to safeguard the public trust. They also help to reassure investors, the international financial institutions, commercial banks, and cooperating partners that, despite past perceptions of lack of transparency, apparent suspect accountability, and weak financial management, Zambia is a country willing to work hard to

correct these problems. It also suggests that the country is worthy of any support available, whether from public sources or private.

The anti-corruption actions taken in Zambia are also important for the region. The message of intolerance of suspected wrongdoing at the highest levels of government in Zambia conveys the broader message to residents in other countries in the region that all who hold positions of public trust should and will be held accountable for their actions, even after they have left office.

6.1.2 Possible USAID Assistance to Combat Corruption

USAID/Zambia may want to explore ways to support or bolster the GRZ commitment to combat corruption. One obvious avenue is SO 8 of the Mission Strategy: Government Held More Accountable. However, building on President Bush's pledge of U.S. support to the Zambian ambassador to help fight corruption and other "white collar" crimes, there may be an opportunity for USAID to discuss with the MOE the use of HCOLC generated from the Education SPA to improve procurement procedures as they relate to basic education programs, with an eye to reducing opportunities for mis-allocation of funds. Also, if specific links can be found to the protection of basic education funds, HCOLC might be used to strengthen anti-corruption units, e.g., by placing local staff in a DEB or DESO or by providing a specific anti-corruption training module to school administrative staff. Finally, there may be specific ways in which the MOE can use its funds to strengthen the Auditor General and audit functions, although Norway, the Netherlands, and the World Bank are already providing funding in this general area.

6.2 Macroeconomic Performance

Zambia has made considerable macroeconomic progress during recent years. GDP has grown, inflation has fallen (though it remains high), investments have increased marginally, government revenue collection has increased, and there has been generally low volatility in exchange-rate movements. See Appendix 19 for a detailed analysis of Zambia's macroeconomic performance.

6.3 Education Budget and Financing

6.3.1 Budget Trends

See Appendix 19 for recent education budget trends.

6.3.2 Cost Projections

The Ministry of Finance projects the total education budget for the five-year Strategy period at K 5,249,399 million (\$1.05 billion). K 3,735,465 million (71%) is to be financed from domestic sources, with the remaining budget (K 1,513,934 million, or \$302.8 million) expected to come from external sources.

6.3.3 Recurrent Costs and Expenditures

For the period 2003 –2007 total recurrent expenditure is projected at K 3,847,931,000,000 (\$769.6 million) at 2001 constant prices. Of this amount 64% is projected to go to Basic Education (Grades 1 –9). These figures are based on a projection of average GDP

growth during the period of between 4% and 5% (GDP growth in 2002 was 3%, due to a number of external factors, such as drought and reduced agricultural output).

Recurrent Cost Projections in Millions of Kwacha at 2001 Constant Prices

	2001	2002	2003	2004	2005	2006	2007	Total
Middle Basic	193,73	239,79	281,25	291,50	303,91	317,57	335,92	1,963,70
Upper Basic	0	0	7	8	4	8	8	5
High School	51,367	63,980	68,010	69,597	71,944	74,070	76,916	475,884
Teacher	36,977	45,305	49,966	52,435	55,978	58,263	60,780	359,704
Training	15,459	17,818	17,862	17,907	18,428	19,190	20,195	126,859
Professional	10,580	10,493	13,380	14,664	15,921	17,105	18,270	100,413
Dev	62,814	48,930	78,593	69,946	70,551	71,166	71,789	473,789
Administratio	37,504	44,100	44,982	45,882	46,799	47,735	48,690	315,692
n	4,363	4,363	4,450	4,539	4,630	4,723	4,817	31,885
University	412,79	474,77	558,50	566,47	588,16	609,83	637,38	3,847,93
Other	4	9	0	8	5	0	5	1
TOTAL RECURRENT								

Source: Government of Republic of Zambia, Ministry of Education, Strategic Plan 2003-2007, Jan. 2003, p. 64.

6.3.4 Financing Gap

The funding gap for the Strategy during the five-year period is estimated at K884,195 million, with an annual gap of K155, 872 million.^{xv}

Looking at GRZ expenditures projected over the first three years of the proposed USAID Education SPA, total education expenditures are projected to increase by 26% in 2003 above the previous year, 38% in 2004 above the previous year, and 18% in 2005 above the previous year. External resources are projected to increase about 30% a year in 2003 and 2004, and decrease about 10% in 2005. For domestic resources, the increase declines by half each year, starting with a 30% increase in 2003, a 16% increase in 2004 and an 8% increase in 2005. This can be interpreted to mean that, with sizable increases in both domestic and external resources in 2003, a correspondingly large increase in expenditures results in a relatively small funding gap (\$8.9 million). However, the even larger expenditure projections in 2004 are not sustained by a continued high increase in external resources in the face of a substantial decline (by half) in domestic resources. The result is a nearly a five-fold increase in the funding gap in 2004. Continued increased expenditures (even at a lower rate) lead to continued growth in the funding gap in 2005 (it doubles) as the result of a decline in absolute terms in external resources and the continued decline in the growth rate of domestic resources.

Assuming the GRZ follows the projected expenditure pattern over the next three years, and resources materialize as projected, the years 2004 and 2005 – the latter year especially – will

be difficult. The Education SPA, projecting a modest release of dollars in the first year, with releases increasing over the next two years, could be an important element in GRZ's ability to stick to its Strategy, at least up to its planned mid-program review at the end of Year 3 (2005).

Funding Gap Analysis (Million Kwacha, Current Prices)

	Actual	Estimate		Projected				Total
	2001	2002	2003	2004	2005	2006	2007	2003 – 07
Expenditure	484,850	713,519	899,551	1,244,067	1,471,567	1,396,807	1,121,602	6,133,595
<i>Recurrent</i>	412,794	556,465	725,942	782,701	845,172	902,592	971,678	4,228,085
<i>Capital</i>	72,056	157,054	173,609	461,366	626,395	494,215	149,924	1,905,509
Resources	484,850	662,480	858,647	1,031,010	1,055,705	1,118,537	1,185,499	5,249,399
<i>Domestic</i>	353,472	464,000	601,047	699,442	756,516	810,380	868,079	3,735,465
<i>External</i>	131,377	198,480	257,600	331,568	299,189	308,157	317,420	1,513,934
Funding Gap	0	51,039	40,904	213,057	415,862	278,270	(63,897)	884,195
Funding Gap (US\$ 000,000)	0.0	12.3	8.9	43.7	82.0	53.3	-11.9	176

Source: Government of Republic of Zambia, Ministry of Education, Strategic Plan 2003-2007, January 2003, p.66.

Appendix 1. Design Team to Develop Education Strategic Plan for FY 2004-2010

Scope of Work

Statement of Work – Details

This Statement of Work is for a two-person team to assist the Mission’s education team, in collaboration with the Ministry of Education, to (1) develop the SO6 education strategic plan to be submitted with the Mission’s over-all Country Strategic Plan and (2) develop associated documents to use as part of the SO6 strategic objective agreements (e.g., the SOAG, the amplified strategic objective description, and/or a separate agreement with the GRZ to provide program assistance). *[Sentence describing attachments omitted]*

From the Mission education team’s perspective, the most challenging task will be the development of a well researched, articulate strategy for using Program Assistance as a complement to Project Activities to achieve SO6 goals. This will ensure that the Program Assistance strategy and related documents address USAID/W partners’ concerns and will provide solid, reasonable guidance for moving into and monitoring a Program Assistance modality. No one among the Mission’s education staff has prior experience working with Program Assistance and, therefore, the Mission’s SO6 team will rely heavily on the technical expertise of a consultant to develop a good final product.

The team will work with the SO6 development team to accomplish two main categories of objectives.

- I. Design and develop the Program Assistance strategy (formerly called NPA) and related documentation for SO6. This will be used as a basis for an agreement regarding education sector support with the Government of the Republic of Zambia (GRZ). The Intermediate Result (IR) most closely related to the Program Assistance Strategy is IR 6.3 (“Strengthened policy implementation through improved education services”).
- II. Design and develop the Project Support strategy and related documentation for SO6. Project Support activities are represented by those listed under every IR of the SO6 Results Framework.

Category I – Details: Program Assistance Strategy Development

In consultation with the SO team and education partners in Zambia,

- (1) Design and develop the SO6 Program Assistance strategy, in accordance with the “Program Assistance Program Design Checklist” derived from USAID 1996 Policy Paper on Program Assistance, per the Program Assistance Task Team, 9/12/02, and any other key documents that the Program Assistance Task Team recommends.
- (2) Write an addendum to the “NPA Feasibility Study” that was part of the Mission’s education sector analysis – providing an update regarding USAID guidance on NPA, based on USAID/W Program Assistance Task Group’s feedback.

- (3) Link the Program Assistance strategy and related activities with MOE Strategic Plan goals and activities and Medium Term Expenditure Framework (MTEF). Ensure that SO6 activities build on existing MOE structures, procedures, and planned activities to the extent possible and on the current SO2 results.
- (4) Design the Program Assistance strategy to achieve SO6 results, especially detailing the Program Assistance monitoring procedures, triggers, benchmarks and/or conditions, indicators and targets, and how Program Assistance will complement Project Activities in achieving the SO.
- (5) Integrate the principles represented in the MOE's Memorandum of Understanding with cooperating partners for its Sector Wide Approach into the Program Assistance strategy, to the extent possible. Although USAID will not be an MOU signatory, it wishes to accommodate the MOE's preferred way to operate to the degree practical. *[This element was stricken by the Education Team Leader on 2/14/2003, in view of a USAID/Zambia decision to address this task after approval of the Program Assistance strategy.]*
- (6) Produce a Program Assistance document. It will form the basis of an agreement between the GRZ and USAID/Zambia on how SO6 Program Assistance will be provided. It might be included as an appendix to the CSP for SO6.
- (7) Incorporate key elements of the Program Assistance strategy into the education section of the CSP as well as a draft SOAG and Amplified Strategic Objective Description and/or a separate agreement for Program Assistance with the GRZ.
- (8) Identify the level of effort and personnel required within the Mission to manage SO6, including the mix of skills and technical abilities required to successfully manage program assistance along with project activities within a SWAP environment, and identify the kinds of support the Mission might expect from EGAT, AFR/SD, and Program Assistance Task Force during the course of the 7-year strategy.
- (9) Write an addendum to the "Education Non-Project Assistance Feasibility Study" (July 2002), revising sections in accordance with necessary corrections that have been identified.
- (10) The Program Assistance international consultant will be the primary writer/editor of the Program Assistance document. She/he will also be responsible for working with the Project Support international consultant in integrating necessary elements of the Program Assistance strategy into the CSP. (See illustrative outline for the education section of the CSP at the end of Category II.)
- (11) No illustrative content outline for the Program Assistance strategy document has been included. It will be among the first deliverables developed by the consultant.

Processes – Further Details

1. Meet with Washington teams, especially NPA, MCA, and Presidential Initiatives, to get guidance prior to arriving – might require consultant time in Washington to conduct meetings
2. For "Program Assistance," liaise with Regional Legal Advisor and NPA Task Force (perhaps virtually)

Deliverables (In order of priority)

1. SO6 section of the USAID/Zambia Country Strategic Plan that presents the SO6 strategy (per USAID guidance), including Project and Program Assistance (25 hard copies and 1 electronic copy).
2. A Program Assistance strategy document, from which Program Assistance discussions in the main CSP will be drawn. This document will also form the basis of an agreement between the GRZ and USAID/Zambia on how SO6 Program Assistance will unfold (25 hard copies and 1 electronic copy). It is likely to be one of the appendices to the CSP.
3. An addendum to the “NPA Feasibility Study” – providing an update on USAID guidance, based on USAID/W reviewer feedback (3 hard copies and 1 electronic copy).
4. Draft Strategic Objective Agreement (SOAG) including an Amplified Strategic Objective Description and illustrative budget, based on the SO6 strategies (10 hard copies and 1 electronic copy).
5. Suggested wording to include in SO6 implementing partner agreements to ensure that they work within the spirit of the MOE’s MOU to the extent possible (10 hard copies and 1 electronic copy).
6. A draft “Preliminary Plan for Performance Management,” to form the basis for more focused discussions of the plan at a later date (10 hard copies and 1 electronic copy).
7. Power Point Presentation that can be used as the basis for subsequent presentations by the education team on the education strategy.
8. Trip Report with various products attached.

Appendix 2. Documents Consulted

- AGA Khan University, "The Quest for Quality: An Evaluation of the Health Action Schools Project," Karachi, Pakistan, August 2002.
- Alta Folscher, Warren Krafchik and Isaac Shapiro, "Fiscal Transparency and Participation in the Budget Process, South Africa: A Country Report," October 1999.
- American Institutes for Research (AIR), "EMIS and Related Activities Report," October – December 2002.
- Bulwani, G., Haecker, J., "USAID/Zambia CSP Mission Retreat Report," Lusaka, November 2001.
- Development Alternatives, Inc., "The Development Context of Zambia: An Update and Analysis, with Lessons Learned and Recommendations for USAID's Next Strategy Plan," Vols. I and II (Final Report), Bethesda, Maryland, June 2002.
- Education Development Center, Inc. "Zambia Interactive Radio Instruction Programme for Out-of-School and Vulnerable Children: Semi Annual Report for October 1, 2001 – March 31, 2002," April 2002.
- European Commission, "Memorandum of Understanding Governing the Use of Counter-Value Funds from the SAF/SYSMIN Programmes to Zambia (SAFs IV/V and 'Reimbursed' funds," June 2002.
- Fast Track Initiative – "Education For All," 2002.
- Forrester, Paul and McLoughlin, Bernard, "Sector Wide Approaches & Financial Accountability," Final Report, Dublin, December 1998.
- Forum for African Women Educationalists in Zambia (FAWEZA), "Strategic Plan 2001 – 2005," April 2001.
- Gambia, "Gambia Education Sector, Fast Track Initiative for Education for All," January 12, 2003
- Government of Republic of Zambia, "Zambia DHS EdData Preliminary Report," December 2002
- Government of Republic of Zambia, "Draft National Implementation Framework – Ministry of Education Strategic Plan 2003 to 2007," edited by Strategic Plan Secretariat, Ministry of Education, Lusaka.
- Government of Republic of Zambia, "Education Sector Program, Annual Work Plans & Budgets (January-December 2003)," Ministry of Education, February 2003.
- Government of Republic of Zambia, "Memorandum of Understanding Between the Government of the Republic of Zambia and – *NAME OF INTERNATIONAL DONOR TO BE INSERTED* -- Concerning the Ministry of Education Sector Plan 2003 –2007," Ministry of Education. Draft dated January 30, 2003.
- Government of Republic of Zambia, "Strategic Plan 2003 – 2007," Ministry of Education, January 31, 2003.
- Government of Republic of Zambia, "Zambia Poverty Reduction Strategy Paper: 2002 – 2004," Ministry of Finance and National Planning, Lusaka, March 2002.
- Government of the Republic of Zambia, "BESSIP – Financial Management and Procurement Review," May 1999.
- Government of the Republic of Zambia, "MOE – Approved 2003 Budget Provinces," February 2003.

Government of the Republic of Zambia, "MOE – Basic Education Sub-Sector Investment Programme) BESSIP – 2000 Programme Performance Indicators," Lusaka, November 2001.

Government of the Republic of Zambia, "MOE – Communication in the new Structure Report," December 2002.

Government of the Republic of Zambia, "MOE – Education For All 2000 – Assessment," Lusaka, September 1999.

Government of the Republic of Zambia, "MOE – Education in Zambia 2002 Situational Analysis," June 2002.

Government of the Republic of Zambia, "MOE – Financial Guidelines and Operational Manual," May 2001.

Government of the Republic of Zambia, "MOE – Human Resources Development Guidelines," May 2001.

Government of the Republic of Zambia, "MOE – Human Resources Management Guidelines," May 2001.

Government of the Republic of Zambia, "MOE – Institutional Roles, Functions and Relationships," August 2001.

Government of the Republic of Zambia, "MOE – Memorandum of Agreement between the Ministry of Education and the Zambia Community Schools Secretariat," Lusaka, May 2001.

Government of the Republic of Zambia, "MOE – Memorandum of Understanding between GRZ and MOE Sector Plan 2003 – 2007," February 2003

Government of the Republic of Zambia, "MOE – Procurement & Supplies Guidelines and Operational Manual," May 2001

Government of the Republic of Zambia, "MOE – Sensitization Program on Decentralization and Operations of Education Boards"

Government of the Republic of Zambia, "MOE – Standards and Evaluation Guidelines," May 2001

Government of the Republic of Zambia, "MOE HIV/AIDS Strategic Plan 2001 – 2005," June 2001.

Government of the Republic of Zambia, "MOE Strategic Plan, 2003 – 2007," June 2002.

Government of the Republic of Zambia, "MOE, Decentralization – Institutional Roles, Functions and Relationships," Lusaka, November 2002.

Government of the Republic of Zambia, "MOE, Decentralization of Education Delivery – Policy and Implementation," Lusaka, July 2002.

Government of the Republic of Zambia, "MOF – Economic Report 2001," February 2002

Government of the Republic of Zambia, "MOF – Economic Report 2002," January, 2003

Government of the Republic of Zambia, "MOF – European Commission, Memorandum of Understanding Governing the Use of Counter-Value Funds from the SAF/SYSMIN Programs to Zambia – SAFs IV/V and 'Reimbursed' Funds," June 2002

Government of the Republic of Zambia, "MOF - Macroeconomic Indicators," August, 2002

Government of the Republic of Zambia, "National HIV/AIDS/STI/TB/ Policy Education – Draft," 2002

Government of the Republic of Zambia, "Office of the Auditor General – Proposals for the Strengthening of the Office of the Auditor-General and to Enhance the Effectiveness of the Public Accounts Committee," May 2000

Government of the Republic of Zambia, "Report on the Restructuring of the Ministry of Education," August 2000

Government of the Republic of Zambia, "Sector Program Assistance Agreement between GRZ and the USA through USAID for Essential Health Care," March 9, 1999

Government of the Republic of Zambia, "Strategic Objective Grant Agreement between GRZ and the USA through the USAID for the Strategic Objective: Improved Quality of Basic Education for more School-Aged Children," September, 2002

Government of the Republic of Zambia, "The National HIV/AIDS/STI/TB Council, Bill," August 30, 2002

Government of the Republic of Zambia, "Trust Fund Account Agreement Between the USAID and the GRZ," October 1, 1991

Government of the Republic of Zambia, "Unit Costs of Education in Zambia Final Report," July 2002

Government of the Republic of Zambia, "MOE – Education Sector Program Annual Work Plans and Budgets (January – December 2003)," February 2003

Hebert, Paul, *et al*, "Review and Analysis of Zambia's Education Sector, Volumes I and II," L. T. Associates, Inc., August 2002.

Ireland Aid, "BESSIP Co-operating Partners – Improving the Focus of Informal Donor Meetings," drafted by Kevin Kelly, Lusaka, June 4, 2002.

Ministry of Education, "Highlights of AWPB 2003"

Ministry of Education, "The BESSIP Core Performance – Indicators Trend Report," December 17, 2002

Ministry of Education, "BESSIP, The Role of USAID and Other Cooperating Partners," October 14, 2002

Muggeridge, Elizabeth, "Medium Term Expenditure Framework," Mozambique, June 1997.

Siaciwen, R., Thomas, M., Luangala, J. & Haambokoma, C. "Report on the Rapid Appraisal of the Ministry of Education's Interactive Radio Instruction (IRI) Basic Education Delivery System," August, 2002

The World Bank, "Financing Education for All by 2015: Simulations for 33 African Countries," June 2002

UNICEF, "Country Strategy for Zambia, 2002 – 2006"

UNICEF, "The Impact of HIV/AIDS on Education systems in the Eastern & Southern Africa Region and the Response of Education Systems to HIV/AIDS: Life Skills Programmes," December 6 -10, 1999

UNICEF, "Progress Report Zambia Education For All Programme Learning Achievement Project, Support to PAGE," October 2001

U.S. Department of State, "Background notes on Zambia," February, 2003

USAID, "Bamako, Mali Country Strategic Plan FY 2003 – 2012 Reducing Poverty and Accelerating Economic Growth through Partnerships," May 2002.

USAID, "Benin Strategic Plan FYs 1998 – 2003, Performance Monitoring Plan," March 13, 1998.

USAID, "Considerations for USAID/Zambia's Education Section," July 14, 2002.

USAID, "Education CSPs – SA, Haiti, Benin Strategic Plan 1999 – 2004".

USAID, "Excerpts of Basic Education," October 15, 2002.

USAID, "Global Development Alliance (GDA)," February 14, 2003.

USAID, "Policy Determination, Local currency use," July 30, 1991.

USAID, "Sector Program Assistance Agreement between GRZ and the USA through USAID for Basic Health Care," February 2003.

USAID, "Strengthening NGO Sector," 2003.

USAID, "Strengthening Basic Education in Africa," June 20, 2002.

USAID, "Suggested Indicators for Human Capacity Built through Education and Training," February 1998.

USAID, "The Impact of HIV/AIDS on Human Resources: A Literature Review," February 10, 2003.

USAID, "USAID/Zambia Concept Paper for Country Strategic Plan 2004 – 2010," October 15, 2002.

USAID, "USAID/Zambia FY 2003 Annual Report," December 30, 2002.

USAID, "USAID/Zambia Promises to Keep Opportunities for Zambians to Benefit from Reforms Country Strategic Plan 1998 – 2002," December 1997.

USAID, "USAID/Zambia Report on Government of the Republic of Zambia Health and Education Sectors Budget Trends and Performance Analysis 1994 – 1999," August 1999.

USAID, "Concept Paper for Country Strategic Plan 2004-2010," October 15, 2002.

USAID, "Ethiopia: Disbursement of Non-Project Assistance (NPA)," unclassified cable, ADDIS 00313, dated 2/6/2002

USAID, "Procedures for Implementation of Cash Transfer Grant Agreements," unclassified cable, State 024714, dated January 28, 2003.

USAID, "Program Assistance Program Design Checklist" (Derived From USAID 1996 Policy Paper On Program Assistance), Program Assistance Task Team, September 12, 2002.

USAID, "Program Assistance Reference Book," Program Assistance Task Team, September 12, 2002.

USAID, "Report: Government of the Republic of Zambia Health & Education Sectors Budget Trends & Performance Analysis 1994-1999," prepared by Likando Mukumbuta, August 1999.

USAID, "Strategic Objective Grant Agreement Between the Government of the Republic of Zambia and the United States of America, Acting Through the United States Agency for International Development, for the Strategic Objective: Improved Quality of Basic Education for More School-Aged Children," September 15, 2000, as amended.

USAID, "Third Amendment to the Sector Program Assistance Agreement Between the Government of the Republic of Zambia and the United States of America, Acting Through the Agency for International Development, for Basic Health Care," (Draft), February 2003.

USAID, "Working Group Report on Proposed New Mechanism for Disbursement of SPA Funds," Lusaka, July 17, 2002.

USAID, Guidance on the Definition and Use of the Child Survival and Health Programs Fund FY 2002 Update,' May 1, 2002.

USAID, The Changes Programme: Quarterly Reports, October – December 2002.

USAID/Zambia, 'Education Non-Project Assistance Feasibility Study' July 2002.

USAID/Zambia, 'HIV/AIDS Strategy' January 15, 2003.

USAID/Zambia, Analysis of food Security, Health and Nutrition in Zambia, February 2003.

USAID/Zambia: Performance Monitoring Plan (PMP) FY 2000 Edition' 2001.

US-Japan, US-Japan Partnership for Global Health Activities in Zambia', December 2002.

- World Bank, 'Proposed Credit in the Amount of SDR 20.4 Million (US\$28 Million Equivalent) to the GRZ for a Public Service Capacity Building Project in Support of the First phase of the Public Service Capacity Building Program', February 22, 2000.
- World Bank, 'Zambia Public Expenditure Review' December 2001.
- World Bank, "Program Appraisal Document on a Proposed Credit in the Amount of SDR 28.5 Million (US\$40 Million Equivalent) to the Republic of Zambia in Support of the First Phase of the Basic Education Sub-sector Investment Program (BESSIP)", March 5, 1999.
- World Bank, "Project Appraisal Document on a Proposed Credit in the Amount of SDR 20.4 Million (US\$28 Million Equivalent) to the Republic of Zambia for a Public Service Capacity Building Project in Support of the First Phase of the Public Service Capacity Building Program", February 22, 2000.
- World Bank, "Zambia Public Expenditure Review -- Public Expenditure, Growth and Poverty: A Synthesis", December 2001.
- Zambia Community Schools Secretariat, 'Community Schools Movement in Zambia Strategic Plan, 2002 – 2006', November 2002.

Appendix 3. List of Persons Consulted

Government of Zambia

Chengo, Arnold - Bessip Office Manager, Ministry of Education
Chilumba, Nalwamba - HIV/AIDS Technical Advisor, Ministry of Education
Chiputa, Simon - Teacher Education Component Manager, Ministry of Education
Chishala, Hilda - SHN, Ministry of Education
Chitambo, Bridget - Finance Manager, BESSIP, Ministry of Education
Christensen, Marianne - DANIDA Technical Advisor, TED, Ministry of Education
Kanene, Cuthberth - Provincial Liaison Officer, HIV/AIDS, Ministry of Education
Kapambwe, William - Examinations Council of Zambia, Ministry of Education
Kasanda, Dorothy - Decentralization/Capacity Building Component Manager, Ministry of Education
Kasase, Stella C. - Chief Education Officer, Distance Education, Ministry of Education
Katundu, Chris - Chief Planning Officer, Ministry of Education
Lubindo, Alfred - Executive Secretary, Directorate of Distance Education, Ministry of Education
Lwanja, Leonard - Chief Accountant, BESSIP, Ministry of Education
Machona, _____ - Deputy Director, Examinations Council of Zambia, Ministry of Education
Malama, James - Principal Education Officer, DE
Malambo, Irene - HIV/Aids Component Manager, Ministry of Education
Mubashi, M. - Acting Assistant Controller, EBS
Mulungushi, James - Director, Planning and Economic Management Department, Ministry of Finance and Economic Planning
Mumbula, Y. - Chief Education Officer, Decentralization, Ministry of Education
Musonda, Lawrence - Director, Planning and Information, Ministry of Education
Mwamba, Matildah - Equity and Gender, Ministry of Education
Mwangala, Petronela - Director of Budget, Ministry of Finance and National Planning
Nyirongo, Teddy - Continuing Education Officer, Ministry of Education
Phiri, Bernard - USAID Desk Officer, Ministry of Finance and National Planning
Phiri, Catherine - School Health and Nutrition Component Manager, Ministry of Education
Sakala, _____ - Examinations Council of Zambia, Ministry of Education
Sichingili, M.M. - Education Officer, Choma, Ministry of Education
Sililo, George - Director, Curriculum Development Center, Ministry of Education
Sinkala, Esther - Director, Human Resources, Ministry of Education
Sitwala, Monde - Director, Economic and Technical Cooperation, Ministry of Finance and National Planning

Other Partners and Stakeholders

Alomware, Margaret - UNICEF
Arden, Richard - DFID, Zambia
Besa, Fanwell - Acting Senior Producer, EBS
Chimuka, Daphine - FAWWEZA
Chipepo, Helen - Zambia Community School Secretariat
Chitolo, Godfrey - Africare/Workspace/HIV/AIDS
Chizyuka, Anderson - CARE Project Manager

Delfin, Go - Senior Country Economist, The World Bank, Washington Office (in Lusaka)
 Haambote, Fideles - Project Officer, ZCSS
 Huguenin, Bert - Embassy of the Netherlands, Lusaka
 Irabishoheje, Andre - ZCSS
 Jones, Bruce - Economist, Washington Office, The World Bank (in Lusaka)
 Kabungo, Peter - Director, ZCSS
 Karen, Jorgeusen - GTZ/ZCSS
 Kasanda, Dorothy - FAWEZA
 Kelly, Kevin - Development Attache, Embassy of Ireland, Zambia
 Kiernan, Michael - DANIDA
 Kihlberg, Madeleine - European Commission
 Lubinda, F.M. - Controller, EBS
 Mambo, Michael N. - The World Bank
 Mambo, Michael - Senior Education Specialist, Malawi Office, The World Bank (in Lusaka)
 Manda, Stella - Head, Education Sector, UNICEF
 McCormack, J. - EU/Zecab
 Miyanda, Kwambwa - UNICEF
 Moens, Luke - VVOB
 Muchelembe, Josephine B. - CIDA- PSU
 Musumali, Cosmas – Chief of Party, ZIHPSYS, Abt Associates, Lusaka
 Satoshi, Nakamura - Technical Cooperation Advisor in Education,
 Japan International Cooperation Agency
 Siamatowe, Clement - World Bank
 Sitwala, Boyd - Finance Officer, ZCSS
 Taeko. Inagaki - Japanese Embassy
 Turid, N/Hallstrom - NORAD
 Ummuro, Adano - TA, HIV/AIDS, DFID
 Yurika, Numata - Special Assistant, Embassy of Japan, Lusaka
 Zulu, S.M. - Christian Council of Zambia

Technical Advisors

Caldwell, George - EMIS
 Elizabeth Serlemitsos, Chief of Party, Zambia Integrated Health Program, Lusaka
 Graybill, Edward - Chief of Party, CHANGES, Lusaka
 Kariuki, Serah - Senior Technical Advisor, IRI
 Mubiana, Francesca
 Muyunda, Chris
 Richmond, Simon - Technical Advisor IRI
 Thompson, Elizabeth Serlemitsos - Zambia Integrated Health Programme
 Vasquez, Victor - Technical Advisor IRI
 Warrick R. Drake - Chief of Party, EMIS, Lusaka

USAID/Zambia

Chilala, Winnie - Education Specialist
 Chisala, Elizabeth - Education Office
 Chocha, George - Executive Office

Clay, Robert - Health Specialist
Fawcett, Amy - Controllers Office
Gunther, Helen - General Development Officer
Hawes, Frank - DG Office
Hodgins, Steve - Child Health Specialist Education
Hughes, Barbara - Health Office
Kasungani, Dyness - Health Office
Kifle, Negash - Program Officer
Likando, Mukumbuta - Program Office
Mboze, Dorcas - Health Office
Mibenge, Chisala - Controllers Office
Mungandi, Fred - Program Office
Mwaka, Luckness
Mwangala, Perry - Health Office
Mwansa, Mwale – Shitima - Deputy Executive Officer
Nishana, Fernando - Program Office
Noel, Kent - Education Advisor, SO2 Team Leader
Phiri, James - Executive Office
Reed, Allan - Mission Director
Robinson, Kim - Regional Legal Advisor (visiting from Botswana)
Steinman, Chandra - Health Office
Zulu, Bernard - Controllers Office

USAID/Washington

Kirby, Mitch (in Lusaka)
Kitts, Joe
Komich, Carla
Smith, Jay

Appendix 4

Draft Strategic Objective Agreement (SOAG)

Section One – Draft SOAG – Project Assistance

Section Two – Draft Action Memorandum

Section Three – Draft Amplified Project Description

Section Four – Draft SOAG – Sector Program Assistance

Section I: Draft SOAG - Project Assistance

USAID Grant Agreement No.

Appropriation

Budget Plan Code

SOAG No.

RCN:

Amount:

DRAFT STRATEGIC OBJECTIVE GRANT AGREEMENT

BETWEEN THE

UNITED STATES OF AMERICA

AND

GOVERNMENT OF THE REPUBLIC OF ZAMBIA

FOR THE

STRATEGIC OBJECTIVE #6

**IMPROVED QUALITY OF BASIC EDUCATION
FOR MORE SCHOOL-AGED CHILDREN, PHASE II**

DATED: xxxxxxxxxx

STRATEGIC OBJECTIVE GRANT AGREEMENT

TABLE OF CONTENTS

<i>Article 1: Purpose</i>	<i>60</i>
<i>Article 2: Strategic Objective and Results.....</i>	<i>60</i>
<i>Article 3. Contributions of the Parties</i>	<i>61</i>
<i>Article 4: Completion Date.....</i>	<i>62</i>
<i>Article 5: Conditions Precedent to Disbursement</i>	<i>62</i>
<i>Article 6: Special Covenant.....</i>	<i>63</i>
<i>Article 7: Miscellaneous.....</i>	<i>63</i>

DRAFT STRATEGIC OBJECTIVE GRANT AGREEMENT

Strategic Objective Number xxx-SO6

Dated: xxxx xxxx

This STRATEGIC OBJECTIVE GRANT AGREEMENT is entered into between THE UNITED STATES OF AMERICA, acting through the UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT (“USAID”) and THE GOVERNMENT OF THE REPUBLIC OF ZAMBIA (hereinafter referred to as the “Grantee”).

WHEREAS, the Grantee and USAID (the “Parties”) hereby express their continued commitment to providing Zambians with improved access to technologies, inputs, and services as described herein,

WHEREAS, the Parties have previously entered into a Limited Scope Grant Agreement, as amended xxxxxxxx xx, xxxx,

WHEREAS, in order to focus and strengthen the efforts of the Parties in improving the quality of basic education,

NOW THEREFORE, the Parties hereby agree as follows:

Article 1: Purpose

The purpose of this Strategic Objective Grant Agreement ("Agreement") is to set out the understanding of the parties named above (the “Parties”) about the Strategic Objective, the results that shall be achieved to accomplish the objective, and the activities that shall be undertaken to achieve results. This Agreement shall also obligate funds to carry out the activities intended to achieve the Strategic Objective.

Article 2: Strategic Objective and Results

Section 2.1: The Strategic Objective (“Objective”) is to achieve Improved Quality of Basic Education for More School-aged Children in Zambia, Phase II

Section 2.2: Results. In order to achieve that Objective, the Parties agree to work together to achieve the following Results: (a) improved quality of basic education delivery systems (b) improved information for efficient resource management; c) strengthened policy implementation through improved education services; and (d) mitigated impact of HIV/AIDS on the education sector.

The Mission defines "quality basic education" as "improved access, retention and achievement." Improved access means more school-age children, girls and boys, rural and urban, receiving basic education. Improved retention means more pupils continuing and completing primary

schooling (grade 1-9). Improved achievement means more pupils learning basic skills and competencies.

Within the limits of the definition of the Objective in Section 2.1, this Section 2.2 may be changed by Implementation Letters, which are signed by the authorized representatives of the Parties without formal amendment to the Agreement.

Section 2.3: Annex 1, Amplified Description. Annex 1, attached, amplifies the above Objective and Results. Within the limits of the above, Annex 1 may be changed by Implementation Letters that are signed by the authorized representatives of the Parties without formal amendment of this Agreement. Formal amendments are required when fundamental provisions of this Agreement are changed.

Article 3. Contributions of the Parties

Section 3.1: USAID Contribution.

(a) The Grant. To help achieve the Strategic Objective set forth in this Agreement, USAID, pursuant to the Foreign Assistance Act of 1961, as amended, hereby grants to the Grantee under the terms of the Agreement funds not to exceed xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx United States ("U.S.") Dollars (\$xxxxxxxxx) (the "Grant"). Prior funding obligated pursuant to the Limited Scope Grant Agreement shall remain separate and is not incorporated herein. Estimates of Life-of-Project funding anticipated under the Limited Scope Grant Agreement and under the agreements for the other activities shall remain in force and any such anticipated amounts not provided to date should be provided in future under this Agreement.

(b) Total Estimated USAID Contribution. USAID's total estimated contribution to the achievement of the Strategic Objective will be xxxxxxxxxxxxxxxxxxxxxxxx U.S. Dollars (\$xxxxxxx), which will be provided in increments. Subsequent increments will be subject to the availability of funds to USAID for this purpose, progress toward meeting the established indicators, and the mutual agreement of the Parties, at the same time of each subsequent increment, to proceed.

(c) Excess Funds. If at any time USAID determines that its contribution under Section 3.1 (a) exceeds the amount which reasonably can be committed for specific activities designed to achieve the Strategic Objective or Intermediate Results during the current or next U.S. fiscal year, USAID may, upon written notice to the Grantee, withdraw the excess amount, thereby reducing the amount of the Grant as set forth in Section 3.1 (a). Actions taken pursuant to this sub-section will not revise USAID's total estimated contribution set forth in 3.1(b).

(d) Use of the Grant. The Grant funds may be used to finance foreign currency and local currency cost of goods and services that are associated with the implementation of the activities designed to achieve the results listed in Article 2 above and in Annex 1 hereto.

Section 3.2. Grantee Contribution. The Grantee agrees to provide such facilities and personnel as may be agreed to from time to time by the Parties in order to facilitate the achievement of the

Results. The Host Country Contribution Requirement of at least 25 percent as stated in Section 110 of the United States Foreign Assistance Act, 1961, as amended, is being waived under this Agreement. However, the Grantee will support and cooperate in the achievement of the Strategic Objective and the results called for under this Agreement. Such cooperation may include but not be limited to contributions of in-kind support to the activities being undertaken, and provision of an enabling environment for these activities to operate; and the host government shall support policies, laws and programs that contribute towards the Strategic Objective.

Article 4: Completion Date

Section 4.1: The Completion Date, which is September 30, 20xx, or such other date as the Parties may agree to in writing, is the date by which the Parties estimate that all the activities necessary to make significant progress toward achieving the Objective and Results will be completed. The Parties agree that the completion date of the above-referenced Limited Scope Grant Agreement shall hereby be extended to coincide with the completion date of this Agreement.

Section 4.2: Disbursements After Completion Date. Except as USAID may otherwise agree in writing, USAID will not issue or approve documentation which would authorize disbursement of the Grant for services performed or goods furnished after the Completion Date.

Section 4.3: Requests for disbursement, accompanied by necessary supporting documentation prescribed in Implementation Letters, are to be received by USAID no later than nine (9) months following the Completion Date, or such other period as USAID agrees to in writing before or after such period. After such period USAID, at any time or times, may give notice in writing to the Grantee and reduce the amount of the Grant by all or any part thereof for which requests for disbursement, accompanied by necessary supporting documentation prescribed in Implementation Letters, were not received before the expiration of such period.

Article 5: Conditions Precedent to Disbursement

Section 5.1: First Disbursement. Prior to the first disbursement under the Grant, or to the issuance by USAID of documentation pursuant to which disbursement will be made, the Grantee will, except as the Parties may agree otherwise in writing, furnish to USAID in form and substance satisfactory to USAID, a statement in the name of the person holding or acting in the office of the Grantee as specified in Section 7.2, and of any additional representatives, together with specimen signature of each person specified in such a statement.

Section 5.2: Notification. USAID will promptly notify the grantee when USAID has determined that the condition precedent as specified in Section 5.1 has been met.

Section 5.3: Terminal Date for Condition Precedent. The terminal date for meeting the condition precedent in section 5.1 is ninety (90) days from the date of this Agreement or such later date as USAID may agree to in writing before or after the above terminal date. If the condition precedent in Section 5.1 has not been met by the above terminal date, USAID, at any time, may terminate this Agreement by written notice to the Grantee.

Section 5.4: Continuation of Prior Conditions Precedent and Covenants. Prior Conditions Precedent and Covenants have been agreed to by the Parties in order to provide funding pursuant to the Limited Scope Grant Agreement specified above. These Prior Conditions Precedent and Covenants required of the Grantee have been completed by the Grantee and remain in force.

The Grantee will not in any way discontinue, reverse or otherwise impede any action it has taken in satisfaction of any condition precedent or covenant agreed to in the Limited Scope Grant Agreement specified above, or Implementation Letters related thereto, or to any condition precedent or covenant contained herein except as USAID and the Grantee may otherwise agree in writing.

Article 6: Special Covenant

Section 6.1: Special Covenant. The Parties hereby agree to the following covenant:

Adequate Support for the Strategic Objective: That the Grantee and its concerned Ministries, especially the Ministry of Education, will continue to provide adequate support and pursue policies and practices for improving the participation of girls and other vulnerable children in basic education; improving the quality of basic education instruction using interactive radio instruction and other appropriate delivery systems; improving school-based health and nutrition (SHN) and HIV/AIDS interventions to support pupil learning; improving collection and use of information for education decision-making processes; and continuing to pursue the decentralization of the education system..

Article 7: Miscellaneous

Section 7.1: Communications. Any notice, request, document, or other communication submitted by either Party to the other under this Agreement will be in writing or by telegram, telephone or cable, and will be deemed duly given or sent when delivered to such Party at the following address:

To USAID:

The Mission Director
United States Agency for International Development
351 Independence Avenue
PO Box 32481
Lusaka, Zambia
Telephone 254303/6
Facsimile: 254532

To the Grantee:

The Permanent Secretary

Ministry of Finance and Economic Development
PO Box 50062
Lusaka, Zambia
Telephone 250544
Facsimile 253452

All such communications will be in English, unless the Parties otherwise agree in writing. Other addresses may be substituted for the above upon the giving of written notice.

Section 7.2: Representatives. For all purposes relevant to this Agreement, the Grantee will be represented by the individual holding or acting in the Office of Permanent Secretary and USAID will be represented by the individual holding or acting in the Office of the Director, USAID Mission to Zambia, each of whom, by written notice, may designate additional representatives for all purposes other than signing formal amendments to the Agreement or exercising the power under Sections 2.2 or 2.3 to revise the Results or Annex 1. The names of the representatives of the Grantee, with specimen signatures, will be provided to USAID, which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement, until receipt of written notice of revocation of their authority.

Section 7.3: Standard Provisions Annex. A “Standard Provisions Annex” (Annex 2) is attached and forms part of this Agreement.

STRATEGIC OBJECTIVE GRANT AGREEMENT

IN WITNESS WHEREOF, the United States of America and the Grantee, each acting through its duly authorized representatives, have caused this Agreement to be signed in their names and delivered as of the day and year first above written:

ON BEHALF OF THE GOVERNMENT OF THE REPUBLIC OF ZAMBIA

By: _____

Name: _____

Title: Permanent Secretary
Ministry of Finance
And Economic Development

ON BEHALF OF THE GOVERNMENT THE UNITED STATES OF AMERICA

By: _____

Name: _____

Title: Ambassador

By: _____
Name: Allan Reed
Title: Mission Director
USAID/Zambia

Section II. Draft Action Memorandum

ACTION MEMORANDUM FOR THE DIRECTOR USAID ZAMBIA

DATE:

FROM: Helen Gunther, Project Development Officer

SUBJECT: SO6: Improved Quality of Basic Education for More School-Aged Children,
Phase II Strategic Objective Agreement, 611-xxx

Action Required:

You are requested to: 1) approve the SO6, Improved Quality of Basic Education for More School-Aged Children Strategic Objective Agreement at a funding level not to exceed US\$xxxxxxxxxx with an expected completion date of September 30, 20xx; and 2) waive the requirement of Section 110(a) of the Foreign Assistance Act (FAA) of 1961, as amended, that the Government of Zambia make a host country contribution of at least 25% of the activity costs for the SO6 Strategic Objective Agreement (SOAG).

Authorities:

You are authorized to take the requested action to approve the SO6 Strategic Objective Agreement pursuant to the Automated Directive Systems (ADS) 103.5.8b (Delegation of Implementation Authority from the AA/M to the AA/AFR) and 103.5.11a (Delegation of Strategic Planning and Implementation Authority from the AA/AFR to the Mission Directors and Principal Officers). The general authority includes but is not limited to, authority to: negotiate, execute and amend strategic support and special objective grants, loans, memoranda of understanding, and other implementing ancillary agreements and documents with public international organizations and foreign governments; and issue or approve other implementation documents in connection with the above agreement.

You are authorized to waive some or all of the required 25% host country contribution under FAA 124(d) pursuant to ADS 103.5.11a(1). Section 124(d) provides that a waiver of the host country contribution may be granted for a strategic objective (SO) program, results package, component or activity in a relatively least developed country (RLDC) on a case-by-case basis only.

Background:

The purpose of this Strategic Objective Agreement (SOAG) is improved quality of basic education for more school-aged children. SO 6 continues and expands the activities to support basic education begun in SO 2. Thus it is designated, “Improved Quality of Basic Education for More School-Aged Children, Phase II.”

To simplify funding and to facilitate management of activities by the SO6 Education Team, this Strategic Objective Agreement will now be the principal instrument used to obligate funds for all SO6 education activities except for Field Support activities. The SO6 activities are summarized in the Amplified Project Description in Annex 1 and further detailed in the SO6 Education Results Package. The SOAG will build on the continuing success of initiatives under SO 2 (the Improved Quality of Basic Education for More School-Aged Children Limited Scope Grant Agreement (611-002)).

Discussion:

In May 1996, the Government of Zambia (GRZ) introduced its national policy on education, entitled *Educating Our Future*, based on a new set of principles. To realize the education sector reform goals set out in its policy, the Ministry of Education (MOE), in partnership with international funding and technical assistance agencies, began planning for an integrated and coordinated sector reform program, the Basic Education Sub-Sector Investment Programme (BESSIP) for the period 1999-2006. In 1999, BESSIP was officially launched. The principal development objectives for BESSIP are to increase enrollment rates and improve learning achievement at the primary school level. .

In late 1998, USAID participated in the appraisal of BESSIP. After changes based on that review, BESSIP was officially launched in September 1999 with the overall objectives to increase enrollment, achieve gender equity, reduce enrollment disparities among socioeconomic groups, and enhance learning achievement for all pupils. BESSIP objectives and strategies have been jointly developed and agreed by the partners. BESSIP activities have been organized into the following eight national programs, or components:

- Over-all Management
- Infrastructure
- Teacher Development
- Educational Materials
- Equity and Gender
- School Health and Nutrition
- Curriculum Development
- Capacity Building

While HIV/AIDS prevention and mitigation activities were not identified as a major component in the original BESSIP design, programs to combat HIV/AIDS have emerged as a major component in the Ministry of Education’s policies and programs.

In BESSIP, USAID found a window of opportunity to join with Zambia and its partners in developing a comprehensive, transparent, decentralized system of quality, basic education. USAID's engagement assisted the Government of Zambia to pursue its objectives, with special attention paid to equity in education for girls and other vulnerable children, institutional capacity, and parent/community participation, school health and nutrition, HIV/AIDS prevention and mitigation activities, school/community mobilization activity, the development of the Education Management Information System and use of inter-active radio instruction (IRI) to reach out to school children. The success of USAID's assistance to the MOE through SO 2 activities was highlighted in the MOE's five-year Strategic Plan (SP) (2003 – 2008) and National Implementation Framework (NIF), in which the USAID-supported programs of SHN, IRI, HIV/AIDS, EMIS, and community mobilization were marked for expansion over the life of the new strategy.

In the MOE's new five-year strategy the success of the BESSIP was noted and is being expanded beyond basic education to the entire education sector. It is designated the Ministry of Education Sector Program (MOESP). While the BESSIP mechanism will continue as before, MOESP will work with Cooperating Partners (CPs) for the entire education sector, including secondary, tertiary, non-formal and all other sub-sectors. USAID support to basic education will be part of the MOESP.

USAID aims continues to be to help the Zambian Government develop a high quality and equitable basic education system at reasonable cost. USAID will support institutional-capacity building at all levels (school and community, district, provincial, and central). Direct beneficiaries of USAID support are school-age children, their schoolteachers and MOE personnel at Headquarters and Provincial and District Education Offices and Boards of Education. The Ministry of Education will gain enhanced policy and planning capacity. Ultimate beneficiaries are Zambian citizens, who will be better educated, better informed, and more engaged in the education process.

USAID will provide this assistance primarily through the expansion of successful interventions begun under SO 2; namely, the following; Interactive Radio Instruction programs to reach out to school-age children; community mobilization to combat HIV/AIDs, and promote equity and girls' education; school health and nutrition program; and the continued improvement and expansion of the EMIS. However, SO 6 does include several important areas of new activity. These are:

- Improving learning throughout the primary school grades through the use of IRI
- Improving the quality of teaching through more effective training, especially in the use of interactive radio and other appropriate distance-learning technologies
- Providing zonal resource centers for teachers and communities
- Increasing capacity and effectiveness of the planned decentralized structure for education; particularly for the new District Education Boards for basic education, the District Education Standards Offices and communities
- Budgetary support to the MOESP for basic education through a Sector Support Assistance (SPA) modality. The SPA will be the subject of a separate SOAG and Action Memorandum.

SO 6 has a detailed and extensive performance monitoring plan in which indicators for all activities within the four intermediate results will be tracked, as well as four sector-wide indicators that will measure increases in math and science scores, grade 7 -8 progression rates, the numbers of functioning District Education Boards and the numbers of school-aged children reached by USAID-supported programs. In addition, a complete SO 6 formative review will take place at the end of year three so that revision may be made as necessary to improve the impact of the program.

Special Requirements:

A. Assistance Checklist:

The Assistance Checklist is completed and was cleared by the RLA on June 30, 2000. (Note: This is based on a project assistance implementation approach. If SPA and/or budgetary support are to be pursued, the Assistance Checklist will be revised as necessary.)

B. Host Country Contribution Requirement:

Zambia is included on the Development Assistance Committee (DAC) list of low-income countries. A country may be considered a "relatively least developed country" (RLDC) if it appears on the list of "least developed countries" of the United Nations General Assembly (UNGA) or on the comparable list of "low income countries" of the DAC of the OECD, as periodically amended. Zambia has been determined as being an RLDC and is therefore eligible for a waiver of the Agency's host country contribution requirement, provided that certain factors also exist.

Section 110(a) of the FAA requires a host country contribution (HCC) to USAID-funded projects of at least 25% of project costs. Agency guidance on host country contributions to USAID-funded assistance activities in Relatively Least Developed Countries is contained in USAID General Notice by GC/PPC, dated September 18, 1996, and updated and effective February 2, 1999, entitled "Waiver of Host Country Contribution Requirement for Relatively Least Developed Countries." The RLDC Waiver Guidance notes that the 25% HCC may be waived on a case-by-case basis under FAA section 124(d) "Relatively Least Developed Countries (RLDCs)." The RLDC Waiver Guidance also refers to an AA/M decision dated March 14, 1996, which establishes the threshold level of analysis and documentation required to justify a departure from the statutorily required 25% HCC.

Section IV of the RLDC Waiver Guidance thereafter sets forth general considerations that should be taken into account in determining when a waiver of FAA Section 110 would be appropriate. Considerations relating to financial constraints, host country commitment, nature of the project, and phased contribution form the basis for such a determination. The specific documentation and justification requirements for waiver of HCCs in bilateral agreements with RLDCs are addressed below.

Zambia's education sector has deteriorated considerably over the past two decades, characterized by dilapidation and inadequacy of infrastructure as well as a critical shortage of

textbooks and learning materials in most schools. Zambia's HIV/AIDS crisis, with an estimated 20% of the adult population being HIV-positive, is further undermining the educational system, increasing teacher attrition and absences, and creating a large number of orphan children, estimated to reach one million in 2003, many of whom are left unable to enroll in, or continue participating in, education, formally or otherwise.

The continued poor performance of the education sector, in turn, inevitably translates into the off-loading of less adequately educated young people onto the Zambian labor market. This leads into negative downstream impacts on labor productivity in increasingly competitive, globalized regional and international markets. For those markets, Zambia must have a skilled labor force to convert her rich natural resource endowment into value-added production as a basis for broad-based, export-led economic growth. The increase in the number of street children associated with household poverty and the HIV/AIDS-induced orphan problem, exacerbates already serious narcotic substances abuse, prostitution, juvenile delinquency and crime problems, with a potential to gravely compromise the country's investment climate and development prospects, while sustaining the country's considerably high levels of HIV/AIDS vulnerability.

In recognition of the importance of education to sustained economic growth and standards of living, the Zambian Government has shown a commitment over the past decade to providing the necessary resources to meet the requirements of the education sector. This is in spite of severe economic constraints in the economic-reform transition period since 1991, itself following a prolonged period of sharp economic decline. During the same period of economic decline, the Zambian Government's commitment has included the provision of in-kind support, such as payment of teacher and education officer salaries, provision of learning materials, and maintenance of school buildings. There is every indication that the Zambian Government will continue to provide resources and in-kind support to education to the extent that its resources allow.

Available data ¹ show that the education sector experienced, on average, an annual increase in government funding, in real terms, of 4% between 1994 and 1997. After a year of recession in 1998, the Zambian economy is poised to return to the growth path achieved in 1996 and 1997. Nevertheless, Ministry of Education expenditure has been about 3.0% of GDP in recent years, too low to achieve the Government's objectives for quality basic education for all school-age children. Although, in the short term, the Government will require increased levels of budgetary support through external financing to pursue its reform agenda in general, and its education sector objectives in particular, the unfolding macroeconomic context suggests an improved capacity for the Government to meet its budgetary requirements in the future.

Zambia has shown conformance to the goals of the PRSP in the education sector, including the provision of a minimum of 20.5 % of its budget to education. Zambia is also an eligible HIPC country.

This Action Memorandum also serves as the required justification memorandum for waiving the host-cost contribution requirement of 25 percent. Such a waiver is justified on the

¹ MFED, Financial Reports (1994-1997)

basis that a financial contribution (of 25%, or even of a lesser amount) would severely handicap the execution of on-going and planned activities that benefit host country institutions; therefore, a full exemption of host country contributions is recommended. Although we know the Zambian Government has provided and will most likely continue to provide in-kind support to education in general and to SO2 specifically, we do not recommend that in-kind support be formally required of the GRZ; nor do we recommend that the GRZ's in-kind contributions be tracked.

C. Environmental Consideration:

The Initial Environmental Examination for SO6 activities recommended a categorical exclusion for all education technical assistance activities described. The IEE for SO 6 was approved on xxxxxxxx.

D. Congressional Notification:

The FY 2003 Budget Justification constitutes notification for the Mission Strategic Objective Six. The waiting period expired on xxxxxxxxxx

Recommendation:

That you sign this action memorandum below, thus 1) approving the SO6, Improved Quality of Basic Education for More School-Aged Children, II Strategic Objective Agreement, at a funding level not to exceed US\$xxxxxxxxxxxxxx with an expected completion date of September 30, xxxxx and 2) waiving the requirement of Section 110(a) of the Foreign Assistance Act (FAA) of 1961, as amended, that the Government of Zambia make a host country contribution of at least 25% of the activity costs for the SO6 Strategic Objective Agreement (SOAG).

Approved: _____

Disapproved: _____

Date: _____

Attachments:

SO 6 Strategic Objective Agreement
Annex 1-Amplified Description
Annex 2-Standard Provisions
Assistance Checklist

SO 6 Strategic Objective Agreement Action Memorandum dated xxxxxxxxxx

Drafted by xxxxxxxxxx, PRM

Cleared: SO 6 Team: _____ Date _____

CONT: xxxxxx _____ Date _____

RLA: xxxxxx _____ Date xxxxxxxx _____

Section III. Draft Amplified Project Description

AMPLIFIED

STRATEGIC OBJECTIVE

DESCRIPTION

Table of Contents

Glossary of Abbreviations.....	
1. PURPOSE.....	
2. THE STRATEGIC FRAMEWORK CONCEPT	
3. BACKGROUND AND SUMMARY STRATEGIC OBJECTIVE DESCRIPTION	
SECTION 3.1	BACKGROUND.....
SECTION 3.2	COOPERATING PARTNERS IN BESSIP
SECTION 3.3	SUMMARY STRATEGIC OBJECTIVE DESCRIPTION.....
4. THE STRATEGIC OBJECTION RESULTS FRAMEWORK.....	
SECTION 4.1	THE STRATEGIC OBJECTIVE.....
SECTION 4.2	INTERMEDIATE RESULTS AND INDICATORS
5. RESULTS TO BE ACHIEVED.....	
6. ILLUSTRATIVE ACTIVITIES.....	
SECTION 6.1	SUPPORT FOR THE EDUCATION OF GIRLS AND OTHER VULNERABLE CHILDREN
SECTION 6.2	SUPPORT FOR SHN AND COMMUNITY PARTICIPATION IN EDUCATION.....
SECTION 6.3	SUPPORT FOR EMIS DEVELOPMENT AND RELATED ACTIVITIES.....
SECTION 6.4	SUPPORT FOR SECTOR PROGRAM ASSISTANCE (SPA).....
SECTION 6.5	SUPPORT FOR OTHER ACTIVITIES.....
7. CRITERIA AND PROCEDURES FOR SELECTING ACTIVITIES TO ACHIEVE THE STRATEGIC OBJECTIVE.....	
8. ROLES AND RESPONSIBILITIES OF THE PARTIES	
9. MEASURING PROGRESS AND EVALUATING RESULTS	
10. FINANCIAL PLAN AND FUNDING	

Glossary of Abbreviations

AfDB	: African Development Bank
ADS	: Automated Directives System
BEPS	: Basic Education Policy and Support
BESSIP	: Basic Education Sub-Sector Investment Programme
CSP	: Country Support Programme
DEO	: District Education Office
EMIS	: Education Management and Information System
EU	: European Union
FY	: Fiscal Year
G/HCD	: Global Bureau/Human Capacity Development
GDP	: Gross Domestic Product
GRZ	: Government Republic of Zambia
HIV/AIDS	: Human Acquired Immunodeficiency Syndrome
HMIS	: Health Management Information System
IDA	: World Bank International Aid Agency
IEC	: Information Education and Communication
IEQ II	: Improved Education Quality
IRI	: Interactive Radio Instruction
IR(s)	: Intermediate Result (s)
LSGA	: Limited Scope Grant Agreement
MOE	: Ministry of Education
MOESP	: Ministry of Education Sector Program
MOH	: Ministry of Health
MPU	: Micro-Projects Unit
NGO (s)	: Non-Governmental Organization (s)
OPEC	: Oil and Petroleum Exporting Countries
PAGE	: Programme for the Advancement of Girls' Education
PIO	: Public International Organization
SHN	: School-based Health and Nutrition
SOAG	: Strategic Objective Agreement
SO2	: USAID/Zambia's Country Strategic Plan's Strategic Objective 2 for Basic Education
SO3	: USAID/Zambia's Country Strategic Plan's Strategic Objective 3 for Population, Health, and Nutrition
SPA	: Sector Programme Assistance
TA	: Technical Assistance
UNICEF	: United Nations Children's Fund
UK	: United Kingdom
USAID	: United States Agency for International Development
WASHE	: Water, Sanitation, and Hygiene Education

AMPLIFIED STRATEGIC OBJECTIVE DESCRIPTION

ANNEX 1.

1. Purpose

This Annex describes the **Strategic Objective: Improved quality of basic education for more school-aged children, II**, the type and scope of activities to be undertaken, and the results to be achieved with the funds obligated under this Agreement. Nothing in this Annex shall be construed as amending any of the definitions or terms of the Agreement.

2. The Strategic Framework Concept

The United States Agency for International Development (USAID) is concerned that its development cooperation should result in measurable improvements in the lives of the intended beneficiaries. Increasingly limited resources and this concern with achievements have resulted in a new approach: the Strategic Objective Framework Concept. This concept changes the traditional emphasis on project or program development to a focus on a set of strategic objectives for USAID to achieve in its worldwide mission. With this approach, USAID is concentrating worldwide on five key areas: economic growth, population and health, the environment, democracy and governance, and response to disasters and other humanitarian needs.

Each USAID Mission is reorganizing its work plan to concentrate on some or all of these areas of focus. The reorganization involves working out with its development partners a revised (or amended) agreement to support the advancement of objectives in each area. An agreement in one of these areas typically defines the strategic objective and a revised or amended USAID development cooperation program designed to provide demonstrable progress in achieving the defined objective.

3. Background and Summary Strategic Objective Description

3.1 Background

In May 1996, the Government of Zambia (GRZ) introduced its national policy on education, entitled *Educating Our Future*, based on a new set of principles. To realize the education sector reform goals set out in its policy, the Ministry of Education (MOE), in partnership with international funding and technical assistance agencies, began planning for an integrated and coordinated sector reform program, the Basic Education Sub-Sector Investment Programme (BESSIP) for the period 1999-2006. In 1999, BESSIP was officially launched. The BESSIP has proven successful in promoting basic education in Zambia. It has made important gains in establishing financial and management frameworks for the basic education sector as well as ensuring close collaboration with the MOE's cooperating partners (CPs). Among BESSIP's successes has been the development of coherent and detailed national policies, strategies and plans for basic education. Furthermore, under BESSIP the MOE has embarked on ambitious and needed programs for decentralization, gender equity, community mobilization, interactive radio instruction (IRI), teacher training, school health and nutrition (SHN), the

development of a nationwide Education Monitoring and Information System (EMIS), and HIV/AIDS prevention and mitigation programs. USAID has assisted in the financing and implementation of some of these programs.

In 2003 the MOE launched its five-year Strategic Plan and National Implementation Framework. In that strategy BESSIP has been expanded to include the entire education sector under the MOE Sector Program (MOESP). USAID wishes to continue to support the MOE in its efforts to improve basic education through the MOESP framework.

One of Zambia's more formidable economic and social problems is creating employment opportunities for its large labor force (estimated to be about 3.5 million). Zambia is ranked 143 of 162 nations on the UNDP's Human Development Report for 2001; in other words, it is among the 20 least developed countries in the world. Zambia is in dire need of an economic turn-around, but that turn-around and the resulting sustainable growth path into the future will be constrained by a poorly developed endowment in human capital - an outgrowth of the weaknesses in the public education system.

Although the Zambia basic education sub-system has made limited but significant progress in the last three years in such areas as enrollment rates, retention rates, the school grant-in-aid system and some other areas, it still suffers from a system that has seriously deteriorated over the last twenty years due to economic decline, the lack of resources, and institutional inefficiencies. While Zambia's population has been growing at an average annual rate of about 3.2%, the number of Zambian children enrolled has only been marginally increasing since 1990. Of those that enter Grade 1, only about two-thirds complete school through Grade 7, with the persistence of girls in school being lower than that of boys, especially in rural areas. More than 600,000 school-aged children are not attending school at all. The stagnation of school enrollment is due to a number of long-standing problems such as poverty, inadequate numbers of schools, the long distances between homes and schools, and poor quality schooling. School infrastructure has deteriorated, and furniture, textbooks and learning materials are in very short supply or non-existent. HIV/AIDS is accelerating the rate of teacher absences and attrition and increasing the populations of school-age orphans and "street children." Deaths among teachers per year have been estimated by the MOE at 2.5% per year.

According to its 2001 Situation Report, the GRZ spent 2.1% of its gross domestic product (GDP) on education in 1998. This is well below the international recommendation of 6% and the Public Expenditure Review recommendation of between 4 and 5%. However, expenditure for basic education has remained relatively constant, and increased slightly to 56% in 2000. A key problem remains that both budget provisions and actual expenditures have fallen far short of sector requirements.

The BESSIP quarterly trends reports for the period 1999 through 2002 tracked several important sector-wide indicators and targets. These were:

1. 100% Net Enrolment rates (NER) by 2005 for grades 1 – 7 at an annual growth rate of 6% against the baseline of 66%

2. 100% Gross Enrolment Rates by 2005, growing by 3.6''% annually against a baseline of 78%
3. 100% Net Admission Rate (NAR) by 2005, growing by 10% annually against a baseline of 38%
4. 0% drop-out rate (DOR) by 2005, reducing by 0.2% annually against a baseline of 3%
5. 100% Progression Rate ® from 7 – 8 by 2005, increasing by 8.6% against a baseline of 48%
6. 0% repetition rate (RR) by 2005, reducing by 1.5% annually against a 6% baseline

Other indicators of access included the proportion of disadvantaged groups (number of orphans, disabled) in primary school; percentage change in number of community schools and number of registered learners through the Interactive Radio Instruction (IRI) Program.

Quality and Learning Achievement Performance Indicators and Targets

For improving quality and learning achievement through enhanced provision of materials, curriculum reforms, and improved pedagogy, the following were set as performance indicators and targets:

1. Pupil/teacher ratio of 45:1 by 2005 against a baseline of 47:1
2. Textbook/pupil ratio as follows:
Zambian language to 1:2 against a baseline of 1:2.7
English to 1:5.9 against a baseline of 1:6.7
Mathematics to 1:3.2 from a baseline of 1:4.4
3. 50% performance level in Mathematics by 2005, with annual increase of 10%
4. 65% performance level in English by 2005, with annual increase of 15%
5. 60% of schools meeting minimum education standards by 2005

Other quality performance indicators and targets that were set include 25% of GNI allocated to education; percentage of well nourished and healthy children (comparing age, height and weight).

In general, BESSIP has registered improvement against all the set core indicators. Against the 1999 baseline, there was registered growth in pupil enrolment and retention, pupil progression (from grade 7 to 8), number of schools/school size, and teacher output. There was a reduction in the gender gap and in the repetition rate. Improvements were scored in the pupil/teacher ratio, textbook/pupil ratio and pupil performance levels. There was no improvement in the drop-out rate.

Some of the important results follow:

- The Gross Enrolment Rate (GER) fluctuated between 78% and 79% between 1999 and 2001. However, it increased to 81 percent in 2002.
- The repetition rate rose slightly, from 6% in 1999, stagnating at 7% in 2000 and 2001. It rose to 8% in 2002.

- The drop-out rate remained below 5% from 1996 – 2002. It rose from 3 in 1999 to 4 in 2000, and stagnated at the same rate until 2001. However, it declined to 3 in 2002.
- The number of basic school teachers has steadily increased over the years. Male teachers out-numbered females throughout the period under review.
- The pupil/teacher ratio has slightly declined to 46% in 2001 and 2002 from 47% in 1999 and 2000, respectively.
- Like the 1999 results, the principal findings of the 2001 National Assessment survey were that the learning achievement levels in Grade 5 were somewhat low. Mean percentage English scores rose only 0.22% to 33.42 %. Mathematics scores rose 0.43% to 35.74%.

Under its Strategic Objective 2 program, Improved Quality of Basic Education for More School-Aged Children, USAID has been a key player among the cooperating partners who are supporting BESSIP. USAID's Education Advisor (posted in late 1998) has actively participated in BESSIP planning, monitoring, and policy sessions, especially the BESSIP Semi-Annual Reviews. With the limited resources under our LSGA, USAID has also catalyzed support for a number of activities, including greater participation of Zambia's girls in education, improved school-based health and nutrition, education management information systems (EMIS) planning and development, and the mitigation of the effects of HIV/AIDS on basic education. Those activities are described under the Intermediate Results discussions below. With new levels of available funding being projected for SO2 activities, USAID is now in a better position to assist the GRZ in implementing plans developed through its previous support activities. During the year and a half of USAID's involvement with BESSIP, the Ministry has improved its capacity to utilize more assistance and manage more development activities, especially in the component areas that USAID is supporting. For example, the number of key personnel in the Planning Unit, charged with EMIS responsibilities, has risen from two to five. The School Health and Nutrition as well as the Equity and Gender components had no officially appointed managers in November 1998; now, each has a component manager and assistant. Until late 1999, there was no senior-level officer assigned to lead HIV/AIDS strategic planning; now, the Deputy Chief Inspector of Schools at MOE headquarters has been assigned that task, while a curriculum development officer and a UN volunteer have been assigned to work on HIV/AIDS-related issues full time. (((this section has to be updated)))))))))

USAID will support institutional capacity-building at all levels (school and community, district, provincial, and central). Direct beneficiaries of USAID support are school-age children, their schoolteachers, and MOE personnel at Headquarters and Provincial and District Education Offices and Boards of Education. The MOE will gain enhanced policy and planning capacity. Ultimate beneficiaries are Zambian citizens, who will be better educated, better informed, and more engaged in the education process.

3.2 Cooperating Partners in MOESP

The GRZ through the Ministry of Education is strongly encouraging cooperating partners to support MOESP through "basket funding," contributing to a central, GRZ-controlled pool of funds for basic education activities. Thus far, cooperating partners contributing through this mechanism in one way or another have included Netherlands, Norway, and Ireland as well as

other countries to a lesser extent. A current summary of international funding agencies that are supporting MOESP components is provided in Figure 1 below.

Figure 1: Summary of Cooperating Partner Support to BESSIP Components

Component	Primary Cooperating Partners
1. Overall Program Management and Decentralization	EU, UK, Netherlands, Ireland
2. Infrastructure	IDA, ADB, Denmark, Finland, Ireland, Japan, Netherlands, Norway, OPEC, UK, USAID
3. Teacher Development	ADB, Belgium, Denmark, UK
4. Education Materials and improved instruction	IDA, ADB, Denmark, UK, USAID
5. Equity and Gender	IDA, Belgium, Canada, Denmark, EU, Finland, Ireland, Netherlands, Norway, USAID
6. School Health and Nutrition	USAID, Japan
7. Curriculum Development	Denmark, UK
8. Capacity-building	Denmark, EU, Ireland, Netherlands, Norway, UK, USAID
Contributors to "Basket" for MOESP	Netherlands, Norway, Ireland, UK, Norway,
Mitigating the effects of HIV/AIDS	USAID, GRZ, UNICEF

Sector investment programs create high levels of interdependence between the MOE and funding partners to achieve joint sector reform goals. Progress towards achieving USAID's basic education strategic objective in Zambia will, to some extent, be dependent on careful coordination and effective implementation of other MOESP components. Likewise, the MOE and other funding agencies are dependent on USAID's support for key BESSIP components. USAID's delivery of such support is presented in the following sections.

3.3 Summary Strategic Objective Description

Through this Agreement USAID's and the Grantee's program will focus on one Strategic Objective: **Improved Quality of Basic Education for More School-aged Children, Phase II.** This strategic objective is a continuation and expansion of the previous strategic objective agreed upon by the parties (Improved quality of basic education for more school-aged children). The Mission defines "quality basic education" as "improved access, retention and achievement." Improved access means more school-age children, girls and boys, rural and urban, receiving basic education. Improved retention means more pupils continuing and completing primary schooling (grade 1-7). Improved achievement means more pupils learning basic skills and competencies.

This SOAG addresses the decline in basic education in Zambia during the past two decades and supports the Government of Zambia's efforts to strengthen its basic education system by focusing on achieving improvements in the following areas: access, retention, and achievement in basic education for girls and other vulnerable children, health and nutrition of pupils for better learning, capacity for education management information systems and to make

good decisions based on good information, support for decentralization and community-based participation in education, and policy development and planning capacities at all levels.

4. The Strategic Development Framework

This section explains the results framework by which the Parties, grantees, and institutional contractors will be guided, in designing new activities as well as implementing, monitoring and evaluating activities for the duration of this Strategic Objective Agreement.

The main components of the SO 6 Results Framework are shown in Figure 2.

(insert revised results framework)

4.1 The Strategic Objective

The Strategic Objective of the Agreement is to achieve improved quality of basic education for more school-aged children, II. In order to meet this objective, the Parties to this Agreement agree to support activities that will achieve the following results:

- IR 6.1 Improved Quality of Basic Education Delivery Systems
- IR 6.2 Improved Information for Efficient Resource Management
- IR 6.3 Strengthened Policy Implementation Through Improved Education Services
- Mitigated Impact of HIV/AIDS on the Education System

Key sector-level indicators and targets that will be monitored to evaluate progress toward achieving the strategic objective and its intermediate results include:

- Increase Grade five average reading and match scores to 45%
- 90 percent of District Education Boards producing annual plans and procuring educational materials
- 33% basic education-age children reached by USAID-supported programs

These indicators will be monitored through a Performance Monitoring Plan to measure progress during the period covered by the Agreement. The Plan will be developed by the USAID Strategic Objective Team, and include methods for measurement, setting of targets, and formulation of interim indicators where necessary to be able to assess progress during start-up phases of the activities under the Agreement. The Plan will also specify the Parties responsible for various monitoring and assessment tasks as well as the resources needed.

4.2 Intermediate Results and Indicators

In consultation with its partners, USAID has identified the four intermediate results (IRs) that will lead to the improvement of the quality of basic education for more school-aged children and contribute to the achievement of the Strategic Objective. The IRs directly focus on four main components of Zambia's MOESP: restructuring and decentralization, improved quality of

instructional delivery systems, efficient collection and use of information for improved education delivery, and programs for the prevention and mitigation of HIV/AIDS.

4.2.1 Intermediate Result (IR) 6.1: Improved Quality of Basic Education Delivery Systems

Improving the quality of basic education delivery systems in Zambia is essential given the low rate of student achievement, low contact hours and high teacher- pupil ratio. This problem is worsened by the widespread poor health of students and teachers due to malnutrition, HIV/AIDS, parasites, and nutritional deficiencies. Zambia is one of the poorest countries in the world. It is ranked 143 of 162 on the UNDP human development index. It is unlikely it will turn its economy around or have enough resources to significantly and quickly address these problems through the production of large numbers of well-trained teachers and large-scale drug and food purchases. The use of non-traditional, cost-effective delivery systems, such as interactive radio, SHN, and the other USAID-supported programs, offers Zambia a means to increase quality at a manageable cost. These programs can also leverage other donor financing for their expansion. For example, JICA is already financing much of the cost of the drugs and supplements in the pilot SHN program, and there is potential for other agencies to help. DANIDA, which is assisting the MOE in its teacher training colleges, is interested in collaborating on the use of IRI. USAID believes it can achieve the greatest impact with the fewest resources by helping the MOE adopt and expand the quality-focused programs begun with USAID support under its current strategy.

Illustrative Activities:

- Extend selected current interventions to Grades 9 and expand reach of IRI, SHN, community mobilization, EMIS, and HIV/AIDS
- Improve technical quality and flexible scheduling of radio broadcasts through appropriate technologies and community radio
- Improve teacher effectiveness through training by distance multi-media technologies such as radio, Internet and CD-Rom
- Improve measurement of pupil performance
- Build capacity of CBOs/NGOs in education to promote community participation, advocacy and collaboration between the government and the private sector in education. Support scholarship schemes to improve performance and completion rates of OVCs, especially girls
- Support schemes to promote teaching in rural areas and for more female teachers

Key indicators:

- Percentage of basic education schools and centers participating in interactive radio instruction
- Percentage of schools with SHN interventions
- Percentage of teachers trained through distance education techniques

4.2.2 Intermediate Result (IR) 6.2: Improved Information for Efficient Resource Management

Improving the use of EMIS data collection and analysis for quality decision-making on the district and local levels is essential for improving the quality of Zambia's basic education. EMIS has already made great strides since USAID began supporting the activity in 2001. For the first time the MOE has been able to complete its annual education statistic yearbook within the same calendar year as the school census data were collected. USAID's current activity for improved information also includes the development of health/nutrition data as well as assistance to the National Examination Council to improve its competency-based testing procedures. The challenge for our current EMIS project is to ensure that the Ministry of Education, rather than expatriate technical assistance, is fully capable of managing and using the system at the central level. As the MOE decentralizes over the next few years the challenge for SO 6 will be to ensure the MOE has this capacity at all relevant decentralized levels -- particularly the district, school and community levels where planning and resource allocation decisions will be made. Planners at these levels will collect, analyze and use disaggregated data on students and teachers as well as classroom and school conditions to develop their own annual work plans and budgets. EMIS must be a living system in order to remain relevant. The capacity must be developed not only to manage and use the system but also to be able to revise it in order to meet changing conditions.

Illustrative Activities:

- Extension and improvement of gender-disaggregated information systems for provincial/ district/school levels
- Capacity-building for district education offices/boards, zonal resource centers, schools, and CBOs on data collection, management, analysis and use
- Zambian Demographic Education Survey (ZDES)

Key Indicators:

- Percentage of DEOs capable of providing gender-disaggregated data not more than one year old
- Annual yearly education statistical report completed and disseminated by the end of the same calendar year
- ZDES conducted in 2007

4.2.3 Intermediate Result (IR) 6.3: Strengthened Policy Implementation Through Improved Education Services

Within the past few years the MOE has put in place a comprehensive policy framework that has emphasized universal primary education, education of the poor and vulnerable, and decentralization as priorities. However, with its weak institutional capacity, the MOE's major problem has been to ensure effective implementation of these policies and ownership of the programs to make the policies effective. Capacity is weak at all levels, from central office staff to classroom teachers. Moreover, currently there is limited capacity to draw on for the new District Education Boards and offices that will play key planning and management roles in the new decentralized system. The major new element of USAID's SO 6 is **assisting the MOE to increase capacity to implement its policy framework**. Two essential components of this new element are extensive capacity-building, particularly on the district and community levels, and limited budgetary support, which will steadily increase as the MOE demonstrates increased capacity to manage its basket of funds.

Illustrative Activities:

- USAID budgetary support for MOE
- Capacity-building for central, district and local MOE personnel and CBOs/communities in planning, managing, procurement and other essential skills
- Development and use of zonal resource centers for multiple purposes
- Decentralization of key responsibilities such as budgeting, planning and procurement
- Improvement of Ministry of Education and Finance interface on financial management procedures
- Training – short-term, long-term, in-country and external

Key Indicators:

- Percentage of education budget managed at district levels
- Functioning personnel policy for HIV/AIDS

4.2.4 Intermediate Result (IR) 6.4: Mitigated Impact of HIV/AIDS on the Education System

Within the context of HIV/AIDS, children of school-going age (7 -15 year olds for basic education) comprise the only large population that, for the most part, is not yet sexually active, and therefore is least infected with the HIV virus. That population is a prime target for HIV/AIDS awareness, prevention and abstinence campaigns, for training in self-assertiveness and life skills, and for the cultivation of appropriate behaviors to protect themselves and their families against HIV/AIDS and other diseases. The other school-related aspect of the HIV/AIDS pandemic has been the decimation of education professionals through death and AIDS-related illness. USAID will expand its current programs to provide AIDS messages, community mobilization and effective planning to deal with HIV/AIDS and promote policies and actions to prevent and mitigate the effects of HIV/AIDS on teaching.

Illustrative Activities:

- Capacity-building for MOE, CBOs, zonal resource centers and communities to increase community support for girls, OVCs and HIV/AIDS education
- Development of HIV/AIDS and life skills-related materials for teachers, managers and pupils to prevent and mitigate the effects of HIV/AIDS
- Improvement and expansion of district-level HIV/AIDS information systems
- Implementation of an “HIV in the workplace” policy
- Increased collaboration between district health management teams and district education personnel in developing and implementing HIV/AIDS plans

Key Indicators:

- Number of community education HIV/AIDS-related plans implemented
- Number of pupils and teachers with access to anti-AIDS initiatives such as anti-AIDS clubs, campaigns, and counseling programs
- Number of operating units participating in HIV/AIDS in the workplace activities

5. Results to be Achieved

It is expected that this assistance will achieve the following sector-wide results:

- By 2010, an increase in the numbers of primary pupils in government schools and out-of-school children reached by USAID-supported programs, disaggregated by program, type of schooling, and gender (baseline: 2002 - IRI - 12,000 children, CSMC - approx 20,000 children, SHN – 28,000 children.)
- By 2010 increased reading and mathematics skills for grade five students to 45% (baseline: 2001 - 33.42 for reading and 35.7 for Math; at this time national skill testing only for grade five);
- By 2010, 90% of all DEBs (65 of 72) produce annual plans and procure (or supervise the procurement by schools of) education materials for schools in the district (currently this is not being done).

6. Support for Other Activities

6.1 Support for Sector Program Assistance (SPA)

USAID intends by separate SOAG agreement to support MOESP through budgetary support. In a similar format as in this agreement, the objectives, anticipated results, conditions and other elements of the Agreement will be defined. With its participation in the MOESP and the pool of cooperating partner funds for basic education, USAID will become a full partner and collaborator with the MOE in implementing its vision for basic education.

6.2 USAID Central Projects and initiatives

From time to time, additional assistance may be provided through USAID's central projects, which would support Zambia's basic education program through the provision of specialized technical assistance and discrete activities in areas such as information communication technology, education research, child exploitation, and HIV/AIDS. USAID/Zambia and the GRZ will mutually agree upon which specialized technical assistance would be required. Although central projects would contribute to the achievement of the strategic objective's intermediate results, they are not part of the Mission's bilateral program and will not be included in this Agreement.

6.3 Technical Assistance

In addition to the above, USAID may increase its support for technical assistance to carry out its monitoring and implementation functions in the basic education sector, and particularly in monitoring its program of budgetary support for MOESP.

7. Criteria and Procedures for Selecting Activities to Achieve the Strategic Objective.

Our USAID Country Strategic Plan (CSP) was developed by USAID in consultation with the Grantee, USAID cooperating agencies and contractors, private firms and associations, and

Zambian and international non-governmental organizations (NGOs). The CSP was approved by USAID/Washington inxxxxxx, 2003 and will be in effect until September 30, 2003.

The CSP established a preliminary framework of support for basic education in Zambia. In early 2003 USAID/Zambia reviewed its basic education strategic framework in consultation with key stakeholders in the Ministry, NGOs and international funding partners. Based on that review, USAID/Zambia changed its Education Strategic Objective to better express the results it wishes to achieve. This SOAG is based on the revised strategic plan and results framework.

A USAID/Zambia Strategic Objective Team has been formed to direct the design and implementation of activities that will be implemented under the criteria described in the CSP and summarized below. A USAID/Zambia Strategic Objective Expanded Team, comprising selected USAID staff, selected representatives of the Ministry of Education, and selected representatives of USAID Grantee institutions, cooperating agencies, Zambian and international NGOs, and private sector firms and associations, will also be formed to review performance of activities and advise on modifications or additions to activities. The Strategic Objective Expanded Team is expected to meet not less than two times a year, which meetings would ideally occur within the context of the BESSIP Semi-Annual and Annual Review activities.

The main criterion to be used in selecting new activities for funding under this Strategic Objective is the significance of the activity's contribution to achieving the stated results. Another important selection factor will be how an activity reinforces and complements ongoing activities. An additional consideration will be the management burden an activity represents.

8. Roles and Responsibilities of the Parties

USAID has developed its strategy of support for the Ministry of Education's basic education initiative within the framework of BESSIP. USAID is committed to continuing the provision of its support for basic education within the BESSIP context in collaboration with the Zambian government and other co-operating partners. That means current activity support will continue to be provided through the appropriate BESSIP mechanisms, and new activities will be designed, developed and implemented in consultation with the appropriate BESSIP focal points, their partners, and their mechanisms for achieving the results of those components.

USAID fully endorses the concept of the partnerships and the collaboration that the Ministry of Education is achieving through BESSIP, and intends to be a full partner in that process. At present, USAID is unable to contribute directly to the "basket funding" that is part of the Ministry's sector investment program design. However, programmatically, USAID intends to provide its support through the BESSIP components and structures to the extent that U.S. government rules and regulations allow.

Activities to be undertaken under this Agreement to achieve the Strategic Objective will be implemented in cooperation with the Grantee, USAID cooperating agencies and contractors, private firms, and Zambian and international NGOs. The Parties, including, in particular, the Ministry of Education, will meet periodically to review existing and planned activities that are required to achieve the Strategic Objective. USAID will be responsible for issuing all sub-

grants, cooperative agreements and contracts with private firms and Zambian and international NGOs under this Agreement. Selected Grantee representatives will serve on technical review committees established to evaluate proposals for award of grants or contracts to implement activities under the Agreement.

9. Measuring Progress and Evaluating Results

The Parties agree that activities being implemented to achieve the Strategic Objective will be monitored to evaluate progress toward achieving the result indicators. Performance monitoring will be used to direct program implementation, allocate resources and identify and evaluate problem areas or constraints that may inhibit achievement of results. The Parties agree to make available all information in their possession in order to determine whether the result indicators have been met. The USAID Performance Monitoring Plan mechanism shall be utilized to assess progress towards achieving the strategic objective.

The indicators specified in Section 4 above will be used to measure progress toward achievement of the objectives of this Agreement, influence the allocation of financial resources, and monitor performance. GRZ management information systems, complemented by activity reports, will provide the basis for annual assessments of overall progress toward program goals and objectives. Therefore, all activities funded under this Agreement will include reporting requirements to help USAID and the GRZ to monitor achievement of activity results and performance targets. In addition, the USAID Strategic Objective Expanded Team will use performance data as the basis for recommending adjustments in targets, indicators and activities.

As discussed in previous sections, monitoring and evaluation for USAID-supported activities are already part of USAID, MOE and cooperating partner plans. Measures of performance will be based on several sources, including the GRZ, USAID and other donor-financed studies and monitoring activities, and partner activity reports. Performance evaluations will periodically examine the extent to which activities have achieved their intended results, estimate the overall development impact of USAID-financed activities in the sector, and recommend any activity modifications needed to improve performance. In addition to more formal evaluations, ad hoc evaluations and assessments may also be conducted to answer specific program design and implementation questions.

10. Financial Plan and Funding

Implementation of this Strategic Objective Agreement will be supported through funds provided annually to USAID. USAID intends to provide approximately \$xxxxxxxxxxxx for this Strategic Objective through the end of the CSP in September 30, 2010. A portion of those funds may be transferred to the Global Bureau of USAID/Washington for the provision of technical field support and a portion will be obligated directly to contractors/grantees to implement the activities. An Illustrative Financial Plan, by Intermediate Result, for the current fiscal year and the life of the Agreement is set forth in Attachment 1: Illustrative Financial Plan.

The illustrative budget will be subject to the availability of funding. Representatives of the Parties may make changes to the financial plan without formal amendment to the Agreement,

if such changes do not cause USAID's contribution to exceed the amount specified under Article 3, Section 3.1 of the Agreement.

Additional information from Draft CSP that may be useful for the Amplified Project Description above, and Draft Results Frameworks

Zambia's development vision as expressed in the Poverty Reduction Strategy Paper (PRSP) is "increased skills for poverty reduction and economic growth," which is reflected in the MOE's Strategic Plan (MOESP 2003 - 2007) goal of "equitable access to relevant quality education and training that incorporates HIV/AIDS interventions." The Mission proposes to take up that challenge by continuing, expanding, and accelerating a number of successful basic education programs implemented under the 1998-to-2003 CSP to increase the quality of education, as well as access, especially for the most vulnerable: girls, orphans, and children in poor communities. While the GRZ and its technical partners are committed to achieving the goals of the government's poverty reduction program and the MOESP, there are significant limiting factors. The most notable are:

- The effects of Zambia's weak economy. Widespread poverty reduces the ability of the government and communities to support education, and particularly impacts on girls;
- Limited MOE financial resources. According to the World Bank, per capita expenditures for education declined steadily from 1995 through 2000, although within these parameters distribution in the education sector has generally been favorable to the poor;
- Poor health. Child malnutrition (estimated at 60% in 2000) and general ill health, including widespread bilharzias, worm infestation and vitamin A deficiency, affect access, retention and learning throughout the system;
- Demand for schooling far outstrips capacity. Forty-five percent of Zambia's population (over 4.6 million) is in the 0 – 14 age group. This pressure leads to high pupil-teacher ratios, double-shifting and low teacher-pupil contact hours;
- The HIV/AIDS pandemic. HIV/AIDS infection is estimated at 16% of the productive population (ages 15 – 49) and approximately 35 % in urban areas (2002). It has decimated teaching staff, with estimated losses due to death of 2.5% each year. There are over 800,000 school-age orphans in Zambia, most of whom are not in the formal school system;
- Limited capacity throughout the basic education system. There are not enough competent planners, managers, trainers, or teachers. The problem is critical to the success of the restructuring program, as these skills are now also required in the decentralization of capacities and resources to the 72 districts. Capacity through the use of technology to improve quality and coverage, such as radio programming, and digital and computer technology, is largely lacking;
- Poor quality. This is indicated by poor national test results and low primary grade (grade 7) completion rates;
- Lack of comprehensive personnel policy. Sufficient policies to address the problems caused by HIV/AIDS, as well as for a coherent career track for all teachers, are lacking;
- Lack of materials. There are not enough books or classroom materials.

Despite these daunting challenges, there are significant reasons why Zambia can succeed in providing expanded quality education. First and foremost is the genuine commitment of the GRZ to the restructuring of the education system and the provision of its benefits to the local communities. Although these objectives are contained in its five-year Strategic Plan (SP) and 2003 National Implementation Framework (NIF), the MOE's actions speak even more loudly than its words. These actions include implementation of the recent policy to eliminate fees for primary children (grades 1 – 7); and development of a specific plan and time-table (the NIF) that will provide major planning, procurement, staffing, and management-information responsibilities and authorities to the country's 72 districts within three years. The MOE has been providing cash grants to all primary schools (4,558) and community schools (1,149). The MOE is committed to, and has begun implementing, HIV/AIDS and school health and nutrition (SHN) programs throughout the education system, with special focus on provincial areas starting with the poorest districts. It has adopted interactive radio technology to improve the quality of its learning delivery system in formal as well as community schools, based on the success of its program for out-of-school children.

The success to date of USAID's nascent programs to promote HIV/AIDS and other social awareness, such as awareness of gender issues, using interactive radio instruction (IRI) to reach out-of-school children, providing health interventions in primary schools (such as de-worming and the provision of micronutrient supplements), and the development of a comprehensive, gender-sensitive education management information system (EMIS) have placed USAID in a pivotal position in the MOE's reform program. This is evidenced by the prominent place USAID programs are given in the new MOESP and NIF. The MOE wants to expand USAID-sponsored activities to the entire country, including mobilizing communities to support girls' education and HIV/AIDS mitigation, school health and nutrition, equity and protection of vulnerable children and Interactive Radio Instruction. It sees IRI technology as a cost-effective way to improve the quality of instruction in the formal (regular and community) schools as well as a cost-effective delivery system for aspects of SHN, HIV/AIDS mitigation and teacher training in the non-formal arena (out-of-school children). MOE views EMIS as a key element in its effort to improve its policy and planning capacity through the collection, analysis and reporting of good education data. Meeting the data needs of the MOE and its cooperating partners (CPs) is vital to the success of restructuring and decentralization. With a successful track record of leadership in radio technology, information systems, HIV/AIDS, community mobilization and SHN interventions; and in proven support mechanisms such as central projects and IQCs, USAID also has a comparative advantage in providing assistance in these areas.

There are four sets of clients/beneficiaries of SO 6: the administrative staff at all levels of the education system (who will upgrade their skills and effectiveness); the 35,000+ basic education teachers (through improved competence and HIV/AIDS programs); all primary school-aged children in schools and many who are out of school (who will receive higher-quality instruction); and civil society and communities, including parents, community groups, and associations (through messages passed on by children, radio broadcasts and direct social mobilization campaigns). Through its participation in numerous formal and informal groupings of MOE and partner groups, and continuous contact with teacher groups and communities (in field visits, focus group meetings, and project assessments), USAID was able to collect feedback on current USAID programs and on potential initiatives for the new strategy. USAID believes

the activities presented in this strategy represent its shared vision with the GRZ/MOE, which advocates a pupil-centered and community-based approach to basic education -- a vision that takes into account what communities want for their children.

“Improved quality of basic education for more school age children (phase II)” was chosen as a strategic objective because, while access to basic education is improving and is relatively equitable, the quality of education being delivered is far below the desired standard. Children are leaving school without the basic skills needed to lead a better life or to contribute to the economic growth of the nation. This SO also acknowledges that there is still a significant percentage of school-age children who are not in school due to opportunity costs, illness, lack of food in the home and other factors. In addition, this SO uses USAID’s comparative advantage in developing cost-effective education-delivery systems, and leverages the success of USAID’s current successful programs. The elements of improved system “quality” are improved access, retention and achievement. The elements comprising “more school age children” are the expansion of the improved programs to more children in more primary schools and to more orphans and other vulnerable children, of which over 600,000 are still out of school.

a. Conformance with Donor and GRZ Programs

The USAID program is in complete conformance with MOE policy, strategy and plans. All SO 6 IRs are major targets of the MOE strategic plan and NIF. The USAID Sector Program Support objectives are aligned with the SO 6 IRs and MOE objectives as well. Donors have fully bought into the MOESP. In fact, the operations of the MOESP (formerly BESSIP) have been a model of cooperation between the MOE and its bilateral and multilateral partners. Presently, most other cooperating partners pool significant portions of their funds into a basic education SWAp. The provision of a USAID SPA program will enable the Mission to fully engage with the MOE and other partners in the SWAp. Among the mechanisms that are in place as a result of this cooperation are a Joint Steering Committee (JSC) to ensure the effective development, implementation and realization of the objectives of the MOESP. The JSC convenes for a joint annual review. A Sector Plan Coordinating Committee (SPCC) comprising MOE and implementing partners meets quarterly to review progress and identify issues and challenges. The Financial Technical Committee (FTC) meets monthly on current financial matters, and reviews quarterly and annual financial reports. The Sector Plan Support Group (SPSG) is a combination of MOE senior management and donor representatives that, on an on-going basis, assist in planning the various needed reviews as well as resolving issues as they arise. There is also a network of formal and informal working-level meetings featuring MOESP technical staff and, as needed, cooperating partners. Cooperating partners meet monthly (more often if necessary) and reach joint recommendations through their “informal donors’ group.” All major donors to the education sector participate in the monthly partners’ meeting.

At the launching of the MOE’s five-year strategy in February 2003, a total of approximately \$320 million was tentatively identified for the next five years by ten donors (Britain, Denmark, EC, Finland, IBRD, Ireland, Netherlands, Norway, UNICEF and USAID). As some donors could only identify funds for periods of less than five years (such as Finland) and some were not in a position to state publicly what might be expected (such as JICA, GTZ, and others), \$320 million is a conservative figure. There are also significant IDA and AfDB

credits for basic education should the GRZ choose to use them. CPs who still intend to provide project assistance expressed continued interest in the areas of restructuring/decentralization (DIFID, Netherlands, Ireland AID), gender and life skills (UNICEF), pre-service teacher training (DANIDA and Finland), and strengthening NGOs/CBOs (EC and GTZ).

Sector Program Assistance: Sector program assistance (SPA) is an effective way to leverage major policy implementation in decentralization, and improvements and expansion of selected education delivery systems. The mechanisms for SPA exist in Zambia's education sector and are functioning well. The MOE and Ministry of Finance have the financial management and tracking mechanisms in place to handle USAID SPA contributions (see Annex on Program Assistance), and they have been effectively used for the past several years for basic education sector program support contributions by other donors. The difference for USAID contributions will be that, instead of going directly to the MOE, USAID funds will go to the Ministry of Finance and Economic Planning, where the dollars will be auctioned for local currency and then immediately forwarded to the MOE for use in its basic education program. This has the advantage of allowing the transaction to appear on the GRZ's ledgers for national planning purposes as well as following the procedures instituted and refined by SO 7 in the Health SPA. Although systems are in place, previous USAID experience with monitoring SPA has shown it to be labor-intensive (see description of MOESPA committee structure), and SO 6 will include additional technical assistance (TAACS or PSC) for this purpose. The Mission SPA funding strategy will be to begin with relatively small amounts (\$ 0.5 million for year one) and gradually increase SPA funding to coincide with MOE capacity to manage its own programs, particularly USAID-financed projects. A comprehensive review will be made of both SPA and project activities after year three of this strategy.

Section IV. Draft SPA SOAG

**USAID GRANT AGREEMENT NO.
GR-611-0239-G-00-xxxx-03**

**SECTOR PROGRAM ASSISTANCE AGREEMENT
BETWEEN
THE GOVERNMENT OF THE REPUBLIC OF ZAMBIA
("Grantee")
AND THE
UNITED STATES OF AMERICA, ACTING THROUGH THE
AGENCY FOR INTERNATIONAL DEVELOPMENT
("USAID")
FOR
BASIC EDUCATION**

Dated: XXXXXXXXX XXX, 2003

SECTOR PROGRAM ASSISTANCE GRANT AGREEMENT
Number 611-0239-G-00-xxxx-03

Sector Program Assistance Agreement

IN WITNESS WHEREOF, the Grantee and the United States of America, each acting through its respective duly authorized representatives, have caused this Sector Program Assistance Agreement to be signed in their names and delivered as of the day and year first above written.

**THE GOVERNMENT OF THE
REPUBLIC OF ZAMBIA
DEVELOPMENT**

**UNITED STATES AGENCY FOR
INTERNATIONAL**

BY:
Date:
Name: Mr. Richard Chiyzuka
Title: Acting Permanent Secretary
Budget and Planning
Ministry of Finance and National Planning

BY:
Date:.....
Name: Allan E. Reed
Title: Mission Director

Table of Contents

ARTICLE 1: THE GRANT	96
ARTICLE 2: THE PROGRAM	97
ARTICLE 3: FINANCING	97
ARTICLE 4: ASSISTANCE COMPLETION DATE	99
ARTICLE 5: ACTIONS PREREQUISITE TO INITIAL DISBURSEMENT AND PERFORMANCE MILESTONES	99
ARTICLE 6: COVENANTS	103
ARTICLE 7: USE OF US DOLLARS	104
ARTICLE 8: USE OF LOCAL CURRENCY RESOURCES	106
ARTICLE 9: MISCELLANEOUS	108

SECTOR PROGRAM ASSISTANCE AGREEMENT GRANT AGREEMENT
Number 611-0239-G-00-xxxx-03

SECTOR PROGRAM ASSISTANCE AGREEMENT

**SECTOR PROGRAM ASSISTANCE AGREEMENT
BETWEEN THE GOVERNMENT OF THE REPUBLIC OF ZAMBIA AND THE
GOVERNMENT OF THE UNITED STATES OF AMERICA
FOR BASIC EDUCATION**

Dated XXXXXXXX XX, 2003

WHEREAS, the Government of the Republic of Zambia (“Grantee” or “GRZ”) and the Government of the United States of America acting through the United States Agency for International Development (“USAID”), collectively known as the “Parties,” agree to enter into a Sector Program Assistance Agreement on the date first appearing on this document (the “Original Agreement”);

WHEREAS, the Grantee is represented by designated representatives of the Ministry of Finance and National Planning (“MOFNP”), the Ministry of Education (“MOE”), and _____);

WHEREAS, the Grantee has completed, to the satisfaction of USAID, identified prerequisite actions to initial disbursements;

NOW, THEREFORE, the Parties agree as follows:

ARTICLE 1: The Grant

Pursuant to the Foreign Assistance Act of 1961, as amended, USAID makes this Grant to the Grantee in order to ~~alleviate foreign exchange deficiencies by helping the Grantee~~ overcome short-term financial constraints to ~~its Zambia’s long-term economic~~ development. This Agreement sets forth the understandings of the parties, named above (“Parties”), with respect to the undertaking by the Grantee of the Performance Areas and Performance Milestones described below, and with respect to the financing of the Program by the Parties. The purpose of the Grant is to increase quality basic education, and access thereto, to more Zambians.

All ~~the~~ U.S. Government (“USG”) funds provided under this Agreement shall be ~~conveyed by cash transfers service Grantee US bilateral debt. No local currency shall be generated under this Program and therefore no separate account of counterpart local currency funds is required under this Grant. disbursed into Zambia’s foreign exchange auction system managed by the Bank of Zambia (“BOZ”). Prior to the auction, United States (“US”)US dollars shall initially be deposited into a Separate US Dollar Account with the BOZ. The MOFNP will~~

~~authorize immediate auction of the US dollars by the BOZ in accordance with BOZ foreign exchange auctioning guidelines to commercial banks~~ Local currency ("Kwacha") generated by the auction of the ~~se United States (US)~~ dollars shall be deposited into a Separate Local Currency Account with the ~~Bank of Zambia~~ BOZ and disposition instructions will be given by MOFNP. For the first ten million US dollars (\$10,000,000) provided under the Agreement, ninety percent (90%) of the Kwacha realized from the auction of US dollars provided under this Agreement shall immediately be transferred from the Separate Local Currency Account to the MOE Designated Support Fund for Basic Education. The remaining ten percent (10%) shall immediately be transferred from the Separate Local Currency Account to the USAID Trust Fund. The MOE shall use the Kwacha it receives through this Agreement to fund basic education activities defined in the AWPB of the Ministry of Education, as guided by the National Implementation Framework. ~~The remaining ten percent shall immediately be transferred from the Special Local Currency Account to the USAID Trust Fund. The CBOH shall transfer kwacha to District Boards of Health as part of the Basket Funding for Primary Health Care.~~

ARTICLE 2: The Program

2.1 Definition of the Program

The Program, which is further described in Annex 1, has as its objective the improvement of the quality of basic education for more school-aged children.

The Program consists of incremental financial support from USAID ~~to repay Grantee external bilateral US debt ("Debt")~~ to support ~~essential~~ basic education linked to Grantee performance on critical elements of support and development of the education sector. These elements include adequate and timely funding to improve basic education delivery systems, improve information systems for the efficient management of education resources, strengthen policy implementation through improved education services, and mitigate the impact of HIV/AIDS on the education system.

The Grantee shall complete, to USAID satisfaction, Performance Milestones related to the elements of support to the basic education sub-sector of the education sector, as defined in this Agreement. Subsequently, USAID will place resources into a ~~Grantee Separate~~ US ~~dollar~~ ~~Account~~ from which Kwacha will be generated by auction through Zambia's foreign exchange system. With this Kwacha, the Grantee will ~~pay Debt as agreed upon by the Parties~~ fund basic ~~essential~~ education, particularly at the ~~local~~ district and school ~~levels~~. In exchange for each increment of ~~US dollars~~ Debt relief, the Grantee will ~~use-disburse~~ a portion of the Kwacha equivalent value of the ~~US dollars~~ Debt relief as a ~~supplementary disbursement~~ to the MOE Designated Support Fund for Basic Education to support the implementation of ~~basic~~ education ~~Essential~~ and a smaller portion of the Kwacha equivalent value of the ~~Debt relief~~ US dollars as a contribution to the USAID Trust Fund (ref. SECTION 3.2(c)).

2.2 Amplified Program Description

The Amplified Program Description, in Annex 1, describes the alignment of the Program with the MOE Strategic Plan and the Strategic Framework of USAID, and identifies indicators of

Program success. Within the limits of the above definition of the Program, the Amplified Program Description may be changed by written agreement of the authorized representatives of the Parties named in this Agreement, without formal amendment of this Agreement.

Article 3: Financing

3.1 USAID Contribution to the Program

USAID's total estimated contribution ~~for-to~~ the support of basic essential education assistance ~~in Grantee Debt relief~~ under this Agreement will not exceed fourteen million US dollars (\$14,000,000), which will be provided in increments. This estimated USAID contribution is subject to the availability of funds to USAID for this purpose, progress toward the identified objectives and results of the Program, and the mutual agreement of the Parties to proceed, at the time of each subsequent increment.

3.2 Grantee Contribution for the Program

(a) The Grantee agrees to provide or cause to be provided for the Program all funds, in addition to the Grant, and all other resources required to achieve the Program's intended results effectively and in a timely manner.

(b) For the purposes of this Agreement, the Parties agree that, where the term "~~K~~Kwacha ~~E~~quivalent" is used, the exchange rate that is to be applied is the ~~interbank exchange rate between the US dollar and the kwacha on the day on which the specific transfer of US dollars to the Separate Dollar Account is made~~ rate obtained through the auction of the US dollars provided by the Grantee to/from the Separate US Dollar Account.

~~as provided by USAID for Debt relief as defined in SECTION 7.3.~~

(c) In exchange for grant increments under the first ten million dollars (\$10,000,000) of ~~Debt relief~~ US dollar funding, the Grantee will ~~allocate-disburse~~ ninety percent (90%) of the ~~K~~Kwacha ~~E~~quivalent value of the ~~Debt relief~~ US dollars ~~as a supplementary disbursement~~ to the MOE Designated Support Fund for Basic Education to support the implementation of basic education, particularly at the district and school levels. ~~Essential Health Care~~ The Grantee will ~~allocate-disburse~~ ten percent (10%) of the ~~K~~Kwacha ~~E~~quivalent value of the ~~Debt relief~~ US dollars ~~as a disbursement~~ to the USAID Trust Fund. For any subsequent amounts of ~~Debt relief~~ US dollar funding provided under this Agreement, the Grantee will ~~allocate-disburse~~ ninety-five percent (95%) of the ~~K~~Kwacha ~~E~~quivalent value of the ~~US dollar funding~~ Debt relief ~~as a supplementary disbursement~~ to the MOE Designated Support Fund for Basic Education to support the implementation of basic education, particularly at the district and school levels, and the Grantee will ~~allocate-disburse~~ five percent (5%) of the ~~K~~Kwacha ~~E~~quivalent value of the ~~Debt relief~~ US dollar funding ~~as a disbursement~~ to the USAID Trust Fund.

3.3 Implementation and Assessment of Program Performance

(a) Within the overall Assistance Completion Date (~~"ACD"~~) stated in this Agreement, USAID, based upon consultation with the Grantee, may specify in Implementation Letters

appropriate time periods for the utilization of funds granted by USAID under an individual increment of assistance.

Further, the Parties may use Implementation Letters to confirm and record additional understandings and commitments related to this Agreement. Implementation Letters may not be used to amend the text of this Agreement, but can be used to record revisions or exceptions which are permitted by the Agreement, including the revision of elements of the Amplified Program Description in Annex 1. Implementation Letters shall be binding upon the Parties unless revoked, modified, or superseded by subsequent Implementation Letters or amendments to this Agreement.

(b) USAID shall determine the Grantee's satisfactory attainment of the Performance Milestones defined in this Program (ref. Annex 1).

(c) In consultation with the Grantee, USAID reserves the right to terminate this Program if the Grantee's education sector policies and implementation strategies are determined by USAID to be inconsistent with achievement of the expected improvements in the quality of basic education for more school-aged Zambian children (as described in Amplified Program Description, in Annex 1).

Article 4: Assistance Completion Date

(a) The "Assistance Completion Date," which is XXXXXXXXXX XX, 2010, or such other date as the Parties may agree to in writing, is the date by which the Parties estimate that all Performance Milestones and results, as contemplated in this Agreement, will have been met.

(b) Except as USAID may otherwise agree in writing, USAID will not issue or approve documentation which would authorize disbursement of the Grant for Performance Milestones satisfied subsequent to the ~~ACD~~ Assistance Completion Date.

Article 5: Actions Prerequisite to Initial Disbursement and Performance Milestones

5.1 Actions Prerequisite to Initial Disbursement

(a) Whereas the Grantee submitted evidence to USAID, in form and substance satisfactory to USAID, documenting the proportion of MOH budget disbursed to the BESSIP Pool in the years 1999-2002, excluding personnel emolument contributions.

(b) Whereas the Grantee provided documentation of establishment of a Separate US Dollar Account, as provided in SECTION 7.1 of the original Agreement, into which all US dollar disbursements under the original Agreement were deposited.

(c) Whereas the Grantee furnished to USAID, in form and substance satisfactory to USAID, an opinion of counsel satisfactory to USAID stating that this Agreement had been duly authorized, executed and delivered on behalf of the Grantee, and that it constituted a valid and legally binding obligation of the Grantee.

5.2 Performance Milestones for Initial Disbursements

For the purposes of this Agreement, xxxxxxxxxxxx US dollars (\$xxxxxxxxx) were obligated for Initial Disbursement, following successful accomplishment of Milestones in the following two performance areas: **Quality Basic Education for More School-aged Children, and HIV/AIDS Impact on Education** (Annex 1 of the Agreement, describes the performance areas in greater detail).

Performance Milestone 1.1.1

Whereas USAID determined that ~~the~~^{ten} Grantee successfully accomplished the following Performance Milestone in the area of **Quality Basic Education for More School-aged Children**, ~~1~~ -USAID agrees to disburse funds of two hundred thousand US dollars (\$200~~0~~,000) cash disbursement.

Performance Milestone: BESSIP Evaluation Completed

Submit to USAID, in both hard copy and electronic form, copies of the completed BESSIP Evaluation report.

Performance Milestone 2.1.1

Whereas USAID determined that the Grantee successfully accomplished the following Performance Milestone in the area of **Mitigating the Impact of HIV/AIDS on Education**, USAID agrees to disburse funds of three hundred thousand US dollars (\$300,000) cash disbursement.

Performance Milestone: HIV/AIDS Impact Study Completed

Submit to USAID, in both hard copy and electronic form, copies of the completed HIV/AIDS Impact Evaluation report.

5.3 Mitigating the Impact of HIV/AIDS on Education

Performance Milestone 2.2.1

Whereas USAID determined that the Grantee successfully accomplished the following Performance Milestone in the area of **Mitigating the Impact of HIV/AIDS on Education**, USAID disbursed funds of five hundred thousand US dollars (\$500,000) for Grantee Debt relief.

Submit to USAID, in both hard copy and electronic form, copies of the completed HIV/AIDS Impact Study.

Performance Milestone 1.2.1

Whereas USAID determined that the Grantee successfully accomplished the following Performance Milestone in the area of **Quality Basic Education for More School-Aged Children**, USAID agrees to disburse funds of five hundred thousand US dollars (\$500,000).

Submit evidence to USAID, in form and substance satisfactory to USAID, that strategies and plans have been implemented for expanded delivery of education through broadcasting.

Evidence of an increased number of children benefiting from IRI programming as a result of the GRZ policy commitment to expand use of broadcast technology must be reflected in GRZ quarterly reporting and through other means of verification acceptable to USAID.

Upon USAID's determination of the Grantee's successful accomplishment of the following Performance Milestones, described in greater detail in the Amplified Program Description in Annex 1, USAID shall disburse funds of up to xxxx million US dollars (\$xxxxxxxxx) for support of quality basic education for more school-aged children. **Grantee Debt relief.**

Performance Milestone 1.2.0 (would possibly substitute for 1.1.1): Increase GRZ share of education in the domestic discretionary budget to at least 20.5 percent

~~Submit evidence to USAID, in form and substance satisfactory to USAID, that GRZ budget releases to the Ministry of Health have been at least 13 percent of total GRZ actual budget releases in the prior GRZ fiscal year.~~ Submit evidence to USAID, in form and substance satisfactory to USAID, that GRZ budget releases to the Ministry of Education have been at least 20.5 percent of total GRZ actual domestically-financed discretionary expenditure in the applicable GRZ fiscal year. Domestically-financed discretionary expenditure is defined as total expenditure, less foreign-funded expenditure, domestic interest payments, the allocation for arrears clearance, the civil service wage adjustment, the contingency reserve, civil service retrenchment costs, payments to the Public Service Pension Fund, net lending to Zambia Consolidated Copper Mines, and court awards made against the government.

Performance Milestone 1.2.1: Strategies and plans implemented for expanded delivery of education through broadcasting ~~Submit evidence to USAID, in form and substance satisfactory to USAID, that the MOFEDNP has annually disbursed to the MOH, and that the MOH has annually disbursed to the CBOH the Kkwacha Equivalent of the Debt relief paid through this Program in the previous year as annual supplemental funding disbursements, as defined in SECTION 3.2(d). The supplemental funding will be in addition to the "Usual Disbursements" of the MOH budget to the CBOH's District Basket. "Usual Disbursement" is defined as the average proportion of the MOH budget disbursed to the CBOH District Basket in the years 1995-1997, excluding personnel emoluments (ref. SECTION 5.1(e)). The District Basket funds are to be used by the District Health Boards to deliver the essential health care to their populations.~~

~~Submit evidence to USAID, in form and substance satisfactory to USAID, that the MOFEDNP has annually dispersed disbursed to the USAID Trust Fund the Kkwacha Equivalent of the amount of Debt relief paid through this Program in the previous year, as defined in SECTION 3.2(d).~~

Submit evidence to USAID, in form and substance satisfactory to USAID, that additional GRZ support provided to IRI Centers, including increase in the hours of broadcast and expanding materials development and use.

Performance Milestones 1.3.1: Improvement in learning achievement levels in Grade 5 literacy and numeracy
~~Submit evidence to USAID, in form and substance satisfactory to USAID, that the GRZ Cabinet has approved a Health Care Financing Policy which; codifies cost sharing by consumers; provides for retention and use of revenues at the facilities generating the revenue; protects access to health care by the vulnerable; and provides for competitive purchasing of services by Districts from providers and suppliers.~~

Submit to USAID copies of the most recent Grade 5 NAS results, and those of the previous survey results, a comparison of which must show that current results show an improvement over those of the previous test period.

5.4 Performance Milestones for Disbursements under Mitigating the Impact of HIV/AIDS on Education

Upon USAID's determination of the Grantee's successful accomplishment of the following Performance Milestones in the area of **EHCP-Mitigating the Impact of HIV/AIDS on Education** described in greater detail in the Amplified Program Description in Annex 1, USAID shall disburse funds of xxx million US dollars (\$xxxxxxxx).

Performance Milestone 2.2.1: Plans developed and implemented in every school to prevent HIV/AIDS transmission and mitigate its impact in the school community

~~Submit evidence to USAID, in form and substance satisfactory to USAID, that the MOH has established national Program performance targets (annual and final); and that a target number of District Health Boards, further specified in Annex I, have established performance targets from the Health Information System and Financial and Administrative Management Systems (FAMS) for access, quality, and utilization.~~

Submit evidence to USAID, in form and substance satisfactory to USAID, demonstrating that plans have been developed and implemented in every school in the country. Review quarterly SPCc reports, Annual Progress Reports, and Annual District AWPB.

5.5 Performance Milestones for Disbursements for Developing and Implementing Policies, Plans, and Programs for School Health and Nutrition

Upon USAID's determination of the Grantee's successful accomplishment of the following Performance Milestones in the area **School Health and Nutrition**, described in greater detail in the Amplified Program Description in Annex 1, USAID shall disburse funds of up to xxxxx million US dollars (\$xxxxxxxx).~~for Grantee Debt relief.~~

Performance Milestone 3.2.1: Provide support for implementing SHN strategy by facilitating procurement of drugs (to be provided from other funding) and distribution through the school system.

~~Submit evidence to USAID, in form and substance satisfactory to USAID, that National targets have been established for the selected set of "joint systems" indicators.~~

Submit evidence to USAID, in form and substance satisfactory to USAID, that an increased number of children have received micro-nutrients and de-worming drugs through the SNS project.

5.6 Performance Milestones for Disbursements under Improved Information for Efficient Resource Management

Upon USAID's determination of the Grantee's successful accomplishment of the following Performance Milestones in the area of **Improved Information for Efficient Resource Management**, described in greater detail in the Amplified Program Description in Annex 1, USAID shall disburse funds of up to xxxxxx million US dollars (\$xxxxxxxxx).

Performance Milestone 4.2.1: EMIS extended to more provincial and district levels~~Submit evidence to USAID, in form and substance satisfactory to USAID, that the CBOH has issued comprehensive annual financial reports of the CBOH which include financial statements meeting standards for 1) accountability, 2) operating results for the period, 3) level of service, and 4) efficiency and effectiveness, and are independently certified by the GRZ Auditor General and/or a private sector audit firm as presented in conformity with generally accepted accounting principles, international accounting standards, or another comprehensive basis of accounting satisfactory to USAID. These reports should be submitted within 10 months of the preceding fiscal year.~~

Submit evidence to USAID, in form and substance satisfactory to USAID, that an increased number (*insert actual numbers here based on discussions between Mission and MOE*) of district and provincial Education Offices have submitted data for the EMIS and have used EMIS-generated reports.

5.7 Performance Milestones for Disbursements under Improved Financial and Human Resources Management

Upon USAID's determination of the Grantee's successful accomplishment of the following Performance Milestones in the area of **Improved Financial and Human Resources Management**, described in greater detail in the Amplified Program Description in Annex 1, USAID shall disburse funds of up to xxxxxx million US dollars (\$xxxxxxxxx).

Performance Milestone 5.3.1: Capacity-building programs developed and prioritized in areas of systems management, development planning, and financial management for all District Education Boards.

~~Submit evidence to USAID, in form and substance satisfactory to USAID, that the CBOH has issued comprehensive annual financial reports of the CBOH which include financial statements meeting standards for 1) accountability, 2) operating results for the period, 3) level of service, and 4) efficiency and effectiveness, and are independently certified by the GRZ Auditor General and/or a private sector audit firm as presented in conformity with generally accepted accounting principles, international accounting standards, or another comprehensive basis of accounting satisfactory to USAID. These reports should be submitted within 10 months of the preceding fiscal year.~~

Submit evidence, in form and substance satisfactory to USAID, demonstrating that training programs have been developed and specific arrangements are in place for providing the critical skills required by DED staff to provide planning, financial management, and accountability for available resources.

Performance Milestone 5.7.1 ~~Grantee shall provide evidence that they have complied with Section 7.1 by (i) maintaining a system of books, records and underlying documentation adequate to assure compliance with this Agreement and (ii) establishing auditing standards for such books and records.~~

Grantee shall provide evidence that they have complied with SECTION 7 and SECTION 8 by (i) maintaining a system of books, records and underlying documentation adequate to assume compliance with this Agreement and (ii) establishing auditing standards for such books and records.

5.8 Notification

When USAID has determined that the Performance Milestones specified in Article 5 have been met, it will promptly so notify the Grantee.

5.9 Terminal Date for Performance Milestones

Each set of Performance Milestones for Disbursements specified in SECTIONS 5.3, 5.4, 5.5, 5.6, and 5.7 shall be met within one year of the date of the Implementation Letter which sets out the specific Milestones for a funding tranche, or the funds attached to them will be withdrawn. The one-year deadline does not apply to Milestones such as 1.1.1, and 2.1.1, which describe “one-time” events. If Performance Milestones remain unmet at any point after one year or it appears to USAID that Performance Milestones for one-time events will not be met, USAID, after consultation with the Grantee, may cancel the undisbursed balance of the Grant and may terminate this Agreement by written notice to the Grantee.

The Parties agree that the Performance Milestones specified in SECTIONS 5.2, 5.3, 5.4, 5.5, 5.6, and 5.7 may be met individually or collectively at the option of the Grantee.

Article 6: Covenants

6.1 Operating Principles

The Parties agree that in the design, implementation, monitoring and evaluation of activities under this Agreement the following Operating Principles will be used:

(a) Focus on beneficiaries. All activities conducted under this Agreement will focus on beneficiaries, defined as the people of Zambia. At all times the views and participation of beneficiaries will be sought in all aspects of the design, implementation, monitoring and evaluation of activities, as practicable.

(b) Partnership and Participation. Achievement of the purpose of this Agreement will require that all partners be involved at all levels, and that they work in close collaboration, in a participatory fashion, and in a spirit of teamwork.

(c) Commitment to Implement Agreement. Both Parties pledge to do everything possible within their capacities to fully implement the Agreement.

(d) Appropriate Policy Environment. The Grantee agrees to provide a policy environment that facilitates the achievement of the expected results.

(e) Logistical Arrangements. The logistical arrangements for the implementation of this Program over its lifetime shall be made through cooperative efforts, consultations, and mutual agreements between the Parties in the overall spirit of the Agreement.

6.2 Program Evaluation

The Parties agree to establish an evaluation process as part of the Program implementation. Except as the Parties otherwise agree in writing, the evaluation process will include:

(a) Periodic evaluations of progress toward attainment of the objectives of the Program.

(b) Periodic evaluations of impact of the Program on objectives, review of covenants, and progress and constraints towards achieving Performance Milestones.

(c) Evaluation, to the degree feasible, of the overall development impact of the Program at the end of Year Three of implementation of this grant.

6.3 Rolling Design of the Program

The Parties may, by mutual agreement, documented by an exchange of Implementation Letters (ILs), agree to modify future Milestones ~~or Debt repayment amounts~~ in light of changed circumstances, including availability of funds, during the lifetime of the Program. Such modifications may arise from recommendations made by evaluations of the Program, but the Parties make no commitment that such recommendations necessarily will lead to modification of Milestones ~~or Debt repayment amounts~~.

Article 7: Use of US Dollars

7.1 Separate Account for US Dollars

Pursuant to SECTION 533(b) of the Foreign Operations, Export Financing, and Related Programs Appropriations Act of 1999, the Grantee shall establish an interest-bearing Separate US Dollar Account at the Bank of Zambia for the purpose of receiving US dollars under this Agreement (ref. Article 1).

The Separate US Dollar Account will be established as developed further below in SECTION 7.2, and as directed by USAID, and shall be created solely for the receipt of US

dollars for this Program. The proceeds will not be commingled with funds from any other source, agreement or assistance. Any re-deposits required due to the ineligible use of funds shall be used only for the purposes of this Agreement.

7.2 Establishment of the Separate US Dollar Account

The MOFNP, as the principal Grantee coordinating agency, should notify and provide USAID with the following information when the account has been established:

- (a) Name and number of the interest-bearing account.
- (b) Name and address of bank at which the account is held.
- (c) Names and titles of officials authorized to withdraw funds from the account.
- (d) The authorized means of withdrawal for auction of US dollars, such as bank drafts, checks, facsimiles (FAX), letters, telexes, etc.

Any interest earned on funds in the Separate US Dollar Account shall be returned to the US government. USAID will issue a program Implementation Letter to provide instructions on effecting payment to the United States of any interest earned.

The Grantee must maintain such account until all of the US dollars have been used in accordance with the terms of the Agreement. As necessary, further details on the procedures for depositing and auctioning the US dollars in this Account shall be specified in Implementation Letters exchanged between the Parties.

7.3 Appropriate Uses of US Dollars and US Dollar Proceeds

MOFNP shall ensure that US dollars and US dollar proceeds are only used as specified and approved by USAID. In no event may US dollars or US dollar proceeds under this Agreement be used to purchase commodities, or to pay debt related to the purchase of equipment or commodities, where military or police organizations have been or will be the users or beneficiaries.

The ineligible debt described above includes, without limitation, any debt arising at any time under the Foreign Military Sales program between the USG and GRZ. In the event that US dollars or US dollar proceeds have been used for any ineligible purpose, it will be necessary for the Grantee to replenish the separate account with US dollars, from the Grantee's own resources.

US dollar disbursements will take place upon fulfillment of Performance Milestones.

7.4 Financial Management of Separate US Dollar Account (Accounting Monitoring and Reporting)

The systems and procedures used by the Grantee to auction US dollars through Zambia's foreign exchange system and actions required to ensure proper accountability and compliance with USAID regulations shall be specified in Implementation Letters exchanged between the Parties.

The ~~MOFED-MOFNP~~ will be the primary implementing agency with regard to the disbursement of funds. ~~MOFED-MOFNP~~ will coordinate all activities among the various Grantee Ministries, and shall manage the Separate US Dollar Account. USAID will work closely with MOFNP to ensure adequate systems and procedures are in place to implement this Program.

The Grantee shall submit monthly bank statements to USAID. These statements will show the daily activity of the Separate US Dollar Account detailing deposits, withdrawals and balance.

7.5 Accounting and Audits

The Grantee shall effectively manage the Separate US Dollar Account in accordance with the requirements specified by Performance Milestone 5.2.4. USAID or its representatives may examine records and documentation at MOFNP and MOE on an as-needed basis determined by the USAID Controller and/or any representative of the USG. The Separate US Dollar Account shall be audited at least annually. The audit, which must be in accordance with US General Accounting Office auditing standards, may be performed by an independent firm or Zambia's Auditor General.

Article 8: Use of Local Currency Resources

8.1 Separate Account for Local Currency

Pursuant to SECTION 532 (a) of the Foreign Operations Export Financing and Related Agencies Appropriations Act, 2000, the Grantee shall establish an interest-bearing Separate Local Currency Account at the Bank of Zambia for the purposes of receiving Kwacha generated by the auction of US dollars under this Agreement (ref. Article 1).

All funds obligated and disbursed after execution of this Agreement will generate local currency. USAID's total estimated contribution for this Agreement will not exceed fourteen million US dollars (\$14,000,000). The exchange rate under this Agreement will be the "highest rate available." The "highest rate available" is defined as the auction rate on the day the US dollars are auctioned through the Bank of Zambia's foreign exchange auction system.

The Separate Local Currency Account will be established as developed further below in SECTION 8.2, and as directed by USAID, and shall be solely created for the receipt of Kwacha for this Program. The proceeds will not be commingled with funds from any other source, agreement or assistance. Any redeposits required due to the ineligible use of funds shall be used only for the purposes of this Agreement.

8.2 Establishment of the Separate Local Currency Account

The MOFNP, as the principal Grantee coordinating agency, will be responsible for the management of the Separate Local Currency Account. MOFNP shall notify and provide USAID with the following information when the account has been established:

- (a) Name and number of the interest-bearing account.
- (b) Name and address of bank at which the account is held.
- (c) Names and titles of officials authorized to withdraw funds from the account.
- (d) The authorized means of withdrawal of Kwacha for transfer to the Central Board of Health District Basket Account and the USAID Trust Fund Account, such as bank drafts, checks, facsimiles (FAX), letters, and telexes.

The Grantee must maintain such account until all of the Kwacha has been used in accordance with the terms of the Agreement. As necessary, further details on the procedures for depositing and transferring the Kwacha in this Account shall be specified in Implementation Letters exchanged between the Parties.

8.3 Appropriate Uses of Local Currency

MOFNP shall ensure that funds from the Separate Local Currency Account are used in a manner consistent with this Agreement.

In no event may local currency generated under this Agreement be used to purchase commodities, or to pay debt related to the purchase of equipment or commodities, where military or police organizations have been or will be the users or beneficiaries. The ineligible debt described above includes, without limitation, any debt arising at any time under the Foreign Military Sales program between the USG and GRZ. In the event that local currency generated under this Agreement has been used for any ineligible purpose, it will be necessary for the Grantee to replenish the Separate US Dollar Account with US dollars, from the Grantee's own resources.

8.4 Financial Management of Separate Local Currency Account (Accounting, Monitoring and Reporting)

The systems and procedures used by the Grantee to auction US dollars through Zambia's foreign exchange system and actions required to ensure proper accountability and compliance with USAID regulations shall be specified in Implementation Letters exchanged between the Parties.

The MOFNP will be the primary implementing agency with regard to the disbursement of funds. MOFNP will coordinate all activities among the various Grantee Ministries and shall manage the Separate Local Currency Account. USAID will work closely with MOFNP to ensure adequate systems and procedures are in place to implement this Program.

The Grantee shall submit monthly bank statements to USAID. These statements will show the daily activity of the Separate Local Currency Account detailing deposits, withdrawals and balance.

8.5 Accounting and Audits

The Grantee shall effectively manage the Separate Local Currency Account in accordance with the requirements specified by Performance Milestone 5.2.4. USAID or its representatives may examine records and documentation at MOFNP and MOE on an as needed basis determined by the USAID Controller and/or any representative of the USG. The Separate Local Currency Account shall be audited at least annually. The audit, which must be in accordance with US General Accounting Office auditing standards, and may be performed by an independent firm or Zambia's Auditor General.

8.6 Deposits of the “Local Currency into USAID Trust Fund Account

In connection with this Agreement, USAID ~~has established~~shall establish a separate "Local Currency Trust Fund Account" under the existing Trust Fund Agreement between the Grantee and USAID, dated October 1, 1991, as amended, for the purposes of receiving local currency deposits from the Grantee. The purpose of said deposits shall be to contribute to the funding of the administrative costs of USAID. In exchange for each of the grant disbursements of the first ten million US dollars (\$10,000,000) ~~of Debt relief~~, the Grantee will allocate ten percent (10%) of the ~~KKwacha~~ Equivalent value of the ~~Debt relief~~ US dollar funding as a disbursement to the USAID Trust Fund Account. For each subsequent grant disbursements of ~~Debt relief~~ US dollar funding provided under this Agreement, the Grantee will allocate five percent (5%) of the ~~KKwacha~~ Equivalent value of the US dollar funding ~~Debt relief~~ as a disbursement to the USAID Trust Fund. Deposits to the Local Currency ~~OE~~ Trust Fund Account will be made in accordance ~~with Article 1. to a repayment mechanism or schedule agreed to between USAID and the Grantee~~. As necessary, further details on the procedures for making deposits to the USAID Trust Fund Account shall be specified in Implementation Letters exchanged between the Parties.

The terms and conditions pertaining to the accounting, monitoring and reporting of the uses of the assets of the existing Trust Fund Agreement between the Parties remain in full force and effect with relation to the Local Currency Trust Fund Account established herein.

Article 9: Miscellaneous

9.1 Communications

Any notice, request, document, or other communication submitted by either Party to the other under this Agreement will be deemed duly given or sent when delivered to such party at the following addresses:

To the Grantee: Permanent Secretary, Budget and Planning,

Ministry of Finance and National Planning

cc: Permanent Secretary, Ministry of Education

Mail Address: Ministry of Finance and ~~Economic Development~~National Planning
Box 50062
Lusaka, Zambia

USAID Mission Director
Mail Address: USAID Mission
P.O. Box 32481
Lusaka, Zambia

9.2 Representatives

For purposes of rendering this document a duly authorized, executed, valid and legally binding obligation of the Parties, the Grantee will be represented by the individual holding or acting in the offices of the Permanent Secretary, Budget and Planning, Ministry of Finance and ~~Economic Development~~National Planning, and USAID will be represented by the individual holding or acting in the Office of the USAID/Zambia Mission Director, each of whom, by written notice, may designate additional representatives for all purposes other than exercising the power under SECTION 2.2 to revise elements of the ~~Aamplified description~~Description in Annex 1. The names of the representatives of the Grantee, with specimen signatures, will be provided to USAID, which may accept as duly authorized any instrument signed by such representatives to implement this Agreement, until receipt of written notice of revocation of their authority.

9.3 Language of Agreement

This Agreement is prepared in English, which is the legally binding language for this Program.

Appendix 5. Preliminary Performance Monitoring Plan (PPMP)

SO 6

Introduction

This Preliminary Performance Monitoring Plan lays out the framework for integrating the monitoring of the new SO 6 basic education results framework with that of the existing SO 2 PMP framework. No attempt has been made to eliminate any of the SO 2 tracking indicators because: 1) the existing indicators do provide useful and relevant performance tracking data, and 2) many of the SO 2 indicators can be used, with little or no modification in tracking SO 6 results. This Preliminary PMP attempts to place all the SO 6 indicators, for the sector and for the intermediate results, within the existing PMP framework. Each SO 6 indicator is described using, where relevant, the Performance Indicator Reference Sheet framework (PIRS). Indicators, which for which a PIRS already exists or for which a proxy exists among the existing PIRS, are so noted. Because of limitations of time and access to data, there are necessarily many blanks in the preliminary PIRS, which the SO 6 Team and its partners will have to fill in and revise as necessary.

SO 6 Results Framework:

(Final version to be inserted)

Selected Indicators for SO2 – 2002 Annual Report

SO Level Indicator #1: Number of primary-school-age children reached by USAID programs.

Performance Indicator Reference Sheet
<p>Strategic Objective: Improved quality of basic education for more school-age children, II</p> <p>Intermediate Result:</p> <p>Indicator: Number of children enrolled in primary schools and out of school programs affected by USAID basic education programs.</p>
DESCRIPTION
<p>Precise Definition(s): “Basic education” in Zambia includes Grades 1-9. “Primary schools” include the formal government schools, Grades 1-7, as well as community-based Interactive Radio Learning Centers (IRLCs) for out-of-school children. “Children reached by USAID basic education programs” include government schools that have received USAID support, School Health and Nutrition (SHN) delivery systems, and Community Sensitization and Mobilization Campaigns (CSMCs) and Learning Centers that have received support for interactive radio instruction. IRLCs are those registered with the Ministry of Education. Government schools are those documented in the annual school census.</p> <p>Unit of Measure: Number</p> <p>Disaggregated by: male/female, type of institution</p> <p>Justification/Management Utility: This indicator will allow us to track the impact of our interventions on school-age children and their access to basic education. We can collect these data through the MOE’s annual school census and our implementing partners.</p>
PLAN FOR DATA ACQUISITION BY USAID
<p>Data Collection Method: Implementing partners provide enrollment data from the targeted schools and centers. Government school data is based on MOE Annual School Census; IRLC data is provided by our implementing partner, pending the development of an MOE module in its education management information system (EMIS) to collect this information as part of the Annual School Census in 2003/2004. Worksheets disaggregate government school/radio learning centers/project.</p> <p>Method of Acquisition by USAID: Annual monitoring reports submitted to USAID activity manager by implementing partners.</p> <p>Data Source(s): Government Schools data from MOE Annual School Census reports and IRI data from implementing partner.</p> <p>Frequency/Timing of Data Acquisition: Annually</p> <p>Estimated Cost of Data Acquisition: Low cost</p> <p>Responsible Individual(s) at USAID: Kent Noel, SO2 Team Leader; Winnie Chilala, SO2 PMP Manager</p>
DATA QUALITY ISSUES
<p>Date of Initial Data Quality Assessment:</p> <p>Known Data Limitations and Significance (if any): Possible limitations – Currently MOE Annual school Census and EMIS system does not cover IRI centers. Since IRI teachers are volunteers and have received minimum training, they do not always provide complete data (e.g. disaggregated and timely information).</p>

Actions Taken or Planned to Address Data Limitations: Regular supervision (school visits) by Ministry and/or implementing partner; increased supervision at provincial and district levels in 2003; increased training of center mentors; and development of an EMIS-based tracking and reporting system for IRI centers in CY2003/04. If it appears that these actions are insufficient to ensure quality information, we will authorize the Implementing Partner to hire special data collectors to go to each center to collect the information.

Date of Future Data Quality Assessments: TBD with implementing partners

Procedures for Future Data Quality Assessments: TBD with Ministry, implementing partners and USAID

PLAN FOR DATA ANALYSIS, REVIEW, & REPORTING

Data Analysis: Compare targets to actual performance and review trends of this indicator.

Presentation of Data: Tables and graphs showing targets and actual, disaggregated as noted above.

Review of Data: Annual review of data.

Reporting of Data: PMP data tables and narrative.

OTHER NOTES:

Notes on Baselines/Targets:

Location of Data Storage: Hard copies are kept in SO2/6 office and electronic copies on LAN.

Other Notes: The sector wide data on how many children USAID/Zambia program reach will also be useful for developing programs and proposals for assistance from supplementary sources of financing such as the Global Development Alliance.

Performance Data Table

Unit of Measure: *Number of children enrolled in primary schools affected by USAID basic education programs.*

<i>Year</i>	<i>Planned</i>			<i>Actual</i>		
	<i>Females</i>	<i>Males</i>	<i>Total</i>	<i>Females</i>	<i>Males</i>	<i>Total</i>
<i>Baseline Year 2001</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>17,830</i>	<i>19,310</i>	<i>37,140</i>
<i>2002</i>	<i>23,999</i>	<i>24,832</i>	<i>48,831</i>	<i>27,378</i>	<i>28,616</i>	<i>55,994</i>
<i>2003</i>	<i>80,713</i>	<i>84,443</i>	<i>165,156</i>			
<i>2004</i>						
<i>2005</i>						
<i>2006</i>						

THIS SHEET LAST UPDATED ON: 3/10/03

SO Level Indicator #2: Grade Five Reading and Mathematics Scores

Performance Indicator Reference Sheet
Strategic Objective: Improved quality of basic education for more school-age children, II Intermediate Result: N/A Indicator: Scores on the national grade five competency tests for English Reading and Mathematics
DESCRIPTION
Precise Definition(s): National mean scores girls on the National English Reading and Mathematics; grade five examinations, which are conducted by the National Examinations Council every other year. Unit of Measure: % Disaggregated by: boy/girl Justification/Management Utility: The national examination for English reading and mathematics, grade five are the only national competency examinations currently conducted by the Ministry of Education, through the National Examinations Council and with the assistance of the EMIS program. Although other national skill-based competency tests may be developed in the foreseeable future, the grade five examinations have been validated (when?) and remain a reasonable measure of competency in important skills for children to succeed in life and is a measure conducted by the MOE.
PLAN FOR DATA ACQUISITION BY USAID
Data Collection Method: Te MOE collects this data from the results of the National Examinations Council's national test conducted every other year. The last test conducted was in 2001). Method of Acquisition by USAID: Reports submitted by MOE National Examinations Council and MOESP Office. Data Source(s): MOE/NEC, MOESP Frequency/Timing of Data Acquisition: bi-annually Estimated Cost of Data Acquisition: no additional cost Responsible Individual(s) at USAID: Winnie Chilala
DATA QUALITY ISSUES
Date of Initial Data Quality Assessment: 2001 Known Data Limitations and Significance (if any): Actions Taken or Planned to Address Data Limitations: Date of Future Data Quality Assessments: TBD with Ministry Procedures for Future Data Quality Assessments: TBD with Ministry. MOE will be involved with Data Quality Assessment (DQA).
PLAN FOR DATA ANALYSIS, REVIEW, & REPORTING
Data Analysis: Compare targets to actual performance and review trends of this indicator. Presentation of Data: Tables and graphs showing targets and actual, disaggregated as noted above. Review of Data: Bi-annually. Reporting of Data: Data tables and narrative.
OTHER NOTES

Performance Data Table

Unit of Measure: % - Increase in National English Reading Scores, Nationwide

Reading

Year	Planned Comp Girls Boys	Actual Comp Girls Boys
1999		33.20
Baseline Year 2001		33.42
2003	35%	
2007	40%	
2009	45%	
2011	50	

Mathematics

Year	Planned Comp Girls Boys	Actual Comp Girls Boys
1999		34.3
Baseline Year 2001		35.7
2003	35%	
2007	40%	
2009	45%	
2011	50	

SO Level Indicator #3: District Education Board Produce Annual Plans and Procure (or Supervise Procurement) of Education Materials for their District. (Establish 3-10-03)

Performance Indicator Reference Sheet
Strategic Objective: Improved quality of basic education for more school-age children, II Intermediate Result: Indicator: Number of District Education Boards (DEBs) engaged in planning and procurement.
DESCRIPTION
Precise Definition(s): Planning is defined as the creation and submission of yearly work plans. Procurement is defined as purchasing education material for basic education schools within the district, or supervising the purchasing of such material by schools. Unit of Measure: numbers or % Disaggregated by: NA Justification/Management Utility: This indicator will allow us to track the impact of our interventions on decentralization of MOE to the district and community level. Production of an annual plan is an essential element of the DEB's functions and procurement of education material for the schools they represent will indicate if they have a real and useful function.
PLAN FOR DATA ACQUISITION BY USAID
Data Collection Method: MOE, through the MOE Sector Program (MOES), will collect/monitor DEB yearly plans as well as procurement information ((must verify this)). USAID will have access to these data. There are 72 DEBs in Zambia. At this time they are not responsible for annual planning or procurement. Method of Acquisition by USAID: Reports submitted by MOE and implementing partner. Data Source(s): MOE Frequency/Timing of Data Acquisition: Annually Estimated Cost of Data Acquisition: low cost Responsible Individual(s) at USAID:
DATA QUALITY ISSUES
Date of Initial Data Quality Assessment: According to the MOE Strategic Plan and National Implementation Framework, DEBs will begin planning and procurement actions in 2003. However, in order to allow for some slippage, USAID is planning to begin tracking this date in 2004. Known Data Limitations and Significance (if any): Actions Taken or Planned to Address Data Limitations: Date of Future Data Quality Assessments: TBD with Ministry implementing partner Procedures for Future Data Quality Assessments: TBD with Ministry and implementing partner
PLAN FOR DATA ANALYSIS, REVIEW, & REPORTING
Data Analysis: Compare targets to actual performance and review trends of this indicator Presentation of Data: Tables showing targets and actual, Review of Data: Annual review of data. Reporting of Data: PMP tables and narrative.

OTHER NOTES		
Notes on Baselines/Targets:		
Performance Data Table		
Unit of Measure: Number (out of 72 DEBS) and % of DEBs Producing Annual Plans and Procuring Education Materials for Schools in Their Districts (or supervising such procurement by schools)		
	Planning	Procurement
Year	Planned	Actual
2004	7 (10%)	NA
2005	21 (30%)	NA
2006	35 (49%)	NA
2007	42 (59%)	NA
2008	49 (70%)	NA
2009	56 (80%)	NA
2010	65 (90%)	NA
THIS SHEET LAST UPDATED ON: March 9, 2003		

IR 1 Indicator #1): Number of Basic Education Schools and Centers Participating in Interactive Radio Instruction

Performance Indicator Reference Sheet
Strategic Objective: Improved quality of basic education for more school-age children, II Intermediate Result: Improved quality of Basic Education Delivery Systems Indicator: Number of basic education schools and centers receiving Interactive Radio Instructional (IRI) instructional programs.
DESCRIPTION
Precise Definition(s): IRI instruction includes any formal interactive radio program broadcast to instruct children in primary school and community schools as well as centers for out-of-school children. Unit of Measure: numbers and % Disaggregated by: type of school or institution receiving IRI programs. Justification/Management Utility: IRI instruction is a proven instrument for raising the quality of instruction and leaning when used to supplement regular instruction and combined with pro-active learning activities, as is the case in the IRI program in Zambia. Testing of IRI students have shown significant increases in skill acquisition over those of regular school students without IRI instruction. Therefore, it is seen as a valid and inexpensive proxy for extensive and expensive skill testing by grade level.
PLAN FOR DATA ACQUISITION BY USAID
Data Collection Method: From reports from MOE and partners Method of Acquisition by USAID: Reports submitted by MOE and implementing partners. Data Source(s): MOE and implementing partners Frequency/Timing of Data Acquisition: Annual Estimated Cost of Data Acquisition: low cost Responsible Individual(s) at USAID:
DATA QUALITY ISSUES
Date of Initial Data Quality Assessment: IRI project data. Known Data Limitations and Significance (if any): Actions Taken or Planned to Address Data Limitations: Date of Future Data Quality Assessments: TBD with Ministry implementing partner Procedures for Future Data Quality Assessments: TBD with Ministry implementing partner
PLAN FOR DATA ANALYSIS, REVIEW, & REPORTING
Data Analysis: Compare targets to actual performance and review trends of this indicator in conjunction with related indicator – number of learners enrolled in Grade 1 in target areas and centers. Presentation of Data: Tables and graphs showing targets and actual, disaggregated as noted above. Review of Data: Annual. Reporting of Data: PMP tables and narrative.
OTHER NOTES
Notes on Baselines/Targets:
Performance Data Table

IR 1 Indicator #3: Number Teachers Trained using IRI Techniques.

Performance Indicator Reference Sheet
Strategic Objective: Improved quality of basic education for more school-age children, II Intermediate Result: Improved quality of learning environments Indicator: Numbers of Basic Education Teachers trained through distance education techniques.
DESCRIPTION
<p>Precise Definition(s): Distance education techniques include all forms of learning over a distance from a source other than a classroom instructor, although classroom instruction is often used to reinforce distance education techniques. For the purposes of USAID, the distance education technique envisioned is interactive radio instruction. Current MOE distance education programs, which rely on written correspondence and are geared to certification requirements, will not be included. However, teacher training programs may be developed in other distance education techniques, such as computer assisted instruction and using internet. For the purposes of this indicator “teachers” will be anyone one – certified or not – who teaches children. This would include mentors in the IRI centers and non-certified teachers in community schools.</p> <p>Unit of Measure: Number</p> <p>Disaggregated by: By ‘type” of teacher and gender</p> <p>Justification/Management Utility: This indicator will allow us to track success in improving quality of basic education teaching through cost-effective distance education methods.</p>
PLAN FOR DATA ACQUISITION BY USAID
<p>Data Collection Method: Implementing partners.</p> <p>Method of Acquisition by USAID: Quarterly reports submitted to USAID activity manager by implementing partner.</p> <p>Data Source(s): Implementing partners (IRI, EMIS (?) and others TBD)</p> <p>Frequency/Timing of Data Acquisition: Quarterly</p> <p>Estimated Cost of Data Acquisition: Low cost</p> <p>Responsible Individual(s) at USAID:</p>
DATA QUALITY ISSUES
<p>Date of Initial Data Quality Assessment: August 2003.</p> <p>Known Data Limitations and Significance (if any):</p> <p>Actions Taken or Planned to Address Data Limitations:</p> <p>Date of Future Data Quality Assessments: TBD with Ministry and implementing partners</p> <p>Procedures for Future Data Quality Assessments: TBD with Ministry and implementing partners</p>
PLAN FOR DATA ANALYSIS, REVIEW, & REPORTING
<p>Data Analysis: Compare targets to actual performance and assess trends</p> <p>Presentation of Data: Matrix showing types of teachers (e.g. certified, non certified, gender, and pre-service/in-service) with targets and actual for both</p> <p>Review of Data: Annual review of data.</p> <p>Reporting of Data: PMP data table and narrative</p>
OTHER NOTES
<p>Notes on Baselines/Targets: Currently there is a no distance education program geared to improving classroom instruction, except as it relates to certification requirements in the MOE program. The baseline will be zero, with a start date estimated at 2004.</p>
Performance Data Table
To be determined

IR 2 Indicator #1: Number of District Education Officers (DEOs) capable of providing gender disaggregated data that is not more than one year old.

Performance Indicator Reference Sheet
Strategic Objective: Improved quality of basic education for more school-age children, II Intermediate Result: Improved Information for Efficient Resource Management. Indicator: Accurate district-level EMIS data provided by DEOs.
DESCRIPTION
Precise Definition(s): This is to be determined based upon as assessment of what data are required at the district level. It will include at a minimum data on enrollment by grade level, retention, achievement, teacher data, and attendance. Unit of Measure: Number and quality of data Disaggregated by: Justification/Management Utility: This is used as a proxy for the effectiveness of capacity-building at the district level as well as the transfer of the implementation of EMIS from the contractor to the MOE.
PLAN FOR DATA ACQUISITION BY USAID
Data Collection Method: Assessment of MOE annual reports, EMIS records. Method of Acquisition by USAID: Reports submitted by MOE and implementing partner. Data Source(s): MOE and implementing partners Frequency/Timing of Data Acquisition: Annual Estimated Cost of Data Acquisition: low cost Responsible Individual(s) at USAID:
DATA QUALITY ISSUES
Date of Initial Data Quality Assessment: August 2003 Known Data Limitations and Significance (if any): Actions Taken or Planned to Address Data Limitations: Date of Future Data Quality Assessments: TBD with Ministry and implementing partner. Procedures for Future Data Quality Assessments: TBD with Ministry and implementing partner.
PLAN FOR DATA ANALYSIS, REVIEW, & REPORTING
Data Analysis: Data will be analyzed and summarized by the implementing partner Presentation of Data: Tables and graphs showing targets and actual, disaggregated as noted above. Review of Data: Annual. Reporting of Data: PMP tables and narrative.
OTHER NOTES
Notes on Baselines/Targets: Baseline will be determined at the end of 2003. However, it is unlikely any progress will have been made by that time and the baseline is likely to be zero. Location of Data Storage: Hard copies are kept in SO6 office and electronic copies on LAN. Other Notes:
Performance Data Table

Unit of Measure: Number of accurate district level data submissions by DEOs.

Year	Planned	Actual
Baseline Year 2003	Tbd	0
2004		
2005		
2006		
2007		
2008		
2009		
20010		

THIS SHEET LAST UPDATED ON

IR 2 Indicator #2 Annual Yearly Education Statistical Report Completed and Disseminated by the End of the Same Calendar Year.

The current SO 2. IR 3.1 indicator can continued to be used for this indicator and is presented below:

IR 3 Indicator #1 (report in R-4): Production of annual school census statistical report, on time. (Revised 4-29-02)

Performance Indicator Reference Sheet
Strategic Objective: Improved quality of basic education for more school-age children Intermediate Result: 2: Improved information for education decision making processes Indicator: Production of annual school census statistical report, on time.
DESCRIPTION
<p>Precise Definition(s): From the IR2, “improved information” includes improvements in timeliness (currency), validity (representativeness), reliability (stable and consistent data collection processes over time), precision (acceptable margin of error), and integrity (free of manipulation). Annual school census data is to be collected during the first quarter of each calendar year with the aim to report findings by December of the same year. Our definition of “on time” is defined in terms of the number of months of delay after the due month with zero months delay as being on time. The Annual School Census collected by the Ministry of Education from all schools each year uses a questionnaire completed by school heads to capture each school’s education statistical data.</p> <p>Unit of Measure: Months</p> <p>Disaggregated by: N/A</p> <p>Justification/Management Utility: The Annual School Census report is a key planning, monitoring, and evaluation tool for the Ministry of Education and its partners in the management of the education sector in Zambia. The timely production of the Annual School Census findings demonstrates the effectiveness of an education management information system. This indicator measures the characteristics of timeliness and reliability of an improved EMIS.</p>
PLAN FOR DATA ACQUISITION BY USAID
<p>Data Collection Method: MOE production of report.</p> <p>Method of Acquisition by USAID: Receipt of report from MOE or implementing partner.</p> <p>Data Source(s): MOE and implementing partner.</p> <p>Frequency/Timing of Data Acquisition: Annual</p> <p>Estimated Cost of Data Acquisition: no additional cost</p> <p>Responsible Individual(s) at USAID: Winnie Chilala</p>
DATA QUALITY ISSUES
<p>Date of Initial Data Quality Assessment: October 2000 via USAID AED’s situation analysis and report. DQAd again in August 2002. No DQA issues; production of EMIS reports is either on time or not.</p> <p>Known Data Limitations and Significance (if any): N/A</p> <p>Actions Taken or Planned to Address Data Limitations: N/A</p> <p>Date of Future Data Quality Assessments: TBD with Ministry and implementing partner</p> <p>Procedures for Future Data Quality Assessments: TBD with Ministry and implementing partner</p>
PLAN FOR DATA ANALYSIS, REVIEW, & REPORTING

Data Analysis: Compare targets to actual performance and review trends of this indicator in conjunction with related indicator - tracking number of EMIS units producing quality periodic reports.

Presentation of Data: Tables and graphs showing targets and actual

Review of Data: Annual review.

Reporting of Data: PMP data tables and narrative

OTHER NOTES

Notes on Baselines/Targets: Baseline year is 2000. Baseline value established via EMIS Situation Analysis report of October 2000 = 12 months delay in reporting 1999 Annual School Census data. Target for Calendar Year 2000 = 12 months' delay (because EMIS TA interventions will not have had much impact). Target for 2001 = six months' delay. Target for 2002 = 3 months' delay. Target for 2003 = 0 months' delay = annual school census statistical report, on time (by December of each year).

Location of Data Storage: Hard copies will be kept in SO2 office and electronic copies on USAID LAN.

Other Notes:

Performance Data Table

Unit of Measure: Months - Production of annual school census statistical report, on time.

Year	Planned	Actual
Baseline Year 2000	Not Applicable	12 months' delay – recd BESSIP Performance Indicators Report on 2000 data on 12/01
2001	6 months delay	6 months' delay – ready June 2002
2002	3 months delay	0 months' delay – ready November 2002. Exceeded target by 4 months.
2003	0 months delay (Annual Report on time)	

THIS SHEET LAST UPDATED ON: December 23, 2002

IR 2 Indicator #3: Zambia Demographic Education Survey (ZDES) Conducted in 2007

Performance Indicator Reference Sheet
Strategic Objective: Improved quality of basic education for more school-age children, II. Intermediate Result: 2: Improved Information for Efficient Resource Management Indicator: ZDES conducted.
DESCRIPTION
<p>Precise Definition(s): The Zambia Demographic Education Survey is modeled after the Demographic Health Survey to provide important household level information on education for children. As such it includes information that it not included on the regular school reporting done through EMIS.</p> <p>Unit of Measure: Number</p> <p>Disaggregated by: boy/girl, income, and other criteria (see survey)</p> <p>Justification/Management Utility: The ZDES information is important for assessing the impact of formal education (or lack of education) on children, and the social/economic factors relating to education for children and their families. The first ZDES was completed in 2002 and provided much useful information for the MOE, USAID, and the other cooperating partners. This activity should be continued.</p>
PLAN FOR DATA ACQUISITION BY USAID
<p>Data Collection Method: Implementing partner collects the data, on a sampling basis, from households throughout the country.</p> <p>Method of Acquisition by USAID: Survey undertaken every five years.</p> <p>Data Source(s): Community sampling.</p> <p>Frequency/Timing of Data Acquisition: Every five years.</p> <p>Estimated Cost of Data Acquisition: Moderate cost. The previous ZDES cost approximately \$250.</p> <p>Responsible Individual(s) at USAID:</p>
DATA QUALITY ISSUES
<p>Date of Initial Data Quality Assessment: 2002</p> <p>Known Data Limitations and Significance (if any):</p> <p>Date of Future Data Quality Assessments: TBD with Ministry and implementing partner</p> <p>Procedures for Future Data Quality Assessments: TBD with Ministry and implementing partner</p>
PLAN FOR DATA ANALYSIS, REVIEW, & REPORTING
<p>Data Analysis: NA</p> <p>Presentation of Data: Narrative assessment.</p> <p>Review of Data: Semi-annual review of data.</p> <p>Reporting of Data: PMP tables and narrative</p>
OTHER NOTES
<p>Notes on Baselines/Targets: Baseline year is FY2002, when first ZDES was conducted.</p> <p>Location of Data Storage: Hard copies will be kept in SO6 office and electronic copies on LAN.</p> <p>Other Notes:</p>
Performance Data Table
THIS SHEET LAST UPDATED ON: November 20, 2002

IR 3 Indicator #1: Steady Increase of Sector Program Assistance (SPA) with a Matching Decline of Project Assistance (PA) funding

(Note: This indicator can be tracked simply by comparing the yearly SO 6 budgets from SPA and PA. SPA should steadily rise from its beginning at \$.05 million for the first year, while the amounts of PA reduced accordingly. This should be tracked in dollar amounts as well as percentage of the overall SO 6 package, in the case where the anticipated amounts of SO 6 funding may vary beyond what is anticipated. As one major criterion for program assistance is the ability of the MOE to use these funds effectively, this indicator is seen as a good proxy for its ability to implement policy. Means of verification will be annual assessments of MOE's implementation and financial tracking systems performed by the USAID advisor to be hired for monitoring the SPA program.

IR 3 Indicator #2: Percent of Education Budget Managed At District Levels

Performance Indicator Reference Sheet
Strategic Objective: Improved quality of basic education for more school-age children, II Intermediate Result: 2: Strengthen Policy Implementation Through Improved Implementation Services. Indicator: Number of basic education budgets managed at district levels.
DESCRIPTION
Precise Definition(s): Budget is defined as the annual plan providing the approved costs for District Administration. There are 72 basic education school districts. "Managed" is defined as controlling the implementation and monitoring of the budget; i.e. planning, revising, procuring/spending, and reporting. Unit of Measure: Number Disaggregated by: Justification/Management Utility: This is a way to monitor progress toward establishing a sustainable centralized basic education system. In the MOE's restructuring plan, the school district forms the essential planning, monitoring and implementation element.
PLAN FOR DATA ACQUISITION BY USAID
Data Collection Method: Records from implementing MOE. Method of Acquisition by USAID: Reports submitted by Districts with help of contractors. Data Source(s): MOE central offices, provincial offices and districts. Frequency/Timing of Data Acquisition: Annually Estimated Cost of Data Acquisition: low cost Responsible Individual(s) at USAID:
DATA QUALITY ISSUES
Date of Initial Data Quality Assessment: Known Data Limitations and Significance (if any): N/A Actions Taken or Planned to Address Data Limitations: N/A. Date of Future Data Quality Assessments: TBD with Ministry and implementing partner Procedures for Future Data Quality Assessments: TBD with Ministry and implementing partner
PLAN FOR DATA ANALYSIS, REVIEW, & REPORTING
Data Analysis: Compare targets to actual performance and assess trends. Presentation of Data: Tables and graphs showing targets and actual. Review of Data: Annually. Reporting of Data: PMP tables and narrative.
OTHER NOTES
Notes on Baselines/Targets: Baseline will be year FY2003. Currently Districts do not have budget responsibility and the baseline number is zero. Location of Data Storage: Hard copies will be kept in SO6 office and electronic copies on LAN. Other Notes:
Performance Data Table - tbd
Unit of Measure: Number of Basic Education Budgets Managed District Levels
THIS SHEET LAST UPDATED ON: February 25, 2002

IR 6.3 Indicator #3: Functioning Personnel Policy for HIV/AIDS

This is a very important indicator of MOE's ability to implement policy, particularly in dealing with HIV/AIDS epidemic, but does not lend itself to quantitative tracking. USAID should monitor the creation of an "HIV/AIDS in the Workplace" policy by HIV/AIDS and then its implementation. Implementation can best be monitored by periodic assessment, based on visits to schools and other workplace units to see if the policy is being implemented. This may be done through contractors on a sampling basis. This indicator also may be used for IR 6.4.

IR 4 Indicator #1 Number of community education HIV/AIDS related plans implemented.

Measuring this indicator can follow the same format is being currently used to monitor community action plans and in many cases may overlap with development of general community action plans. For reference, the SO 2 Performance Indicator Reference Sheet for current IR 1.3 is presented below.

***IR 1 Indicator #3: Number of communities with action plans for education in targeted areas.
(Revised 4-29-02)***

Performance Indicator Reference Sheet
<p>Strategic Objective: Improved quality of basic education for more school-age children</p> <p>Intermediate Result: Improved quality of learning environments in targeted areas</p> <p>Indicator: Number of communities with action plans for education in targeted areas.</p>
DESCRIPTION
<p>Precise Definition(s): A community action plan is one developed and implemented by community members of a school catchment area. The communities in targeted areas are those that are in the catchment areas of schools that receive support from the CHANGES project, either through sub-grants or technical support in Eastern and Southern Province. A catchment area may have one or more distinct communities depending on the size and distribution of population. The action plan provides the steps that the community will take to improve some aspect of basic education. Implemented action plans are those that have one or more activities that have been fully funded through CHANGES sub-grants or other and are under implementation or have been completed. For our purposes, we wish to track two stages of action plans: development and implementation. The target areas are US-supported catchment areas that participate in community sensitization and mobilization interventions in Southern Province and Eastern Province.</p> <p>Unit of Measure: Number</p> <p>Disaggregated by: Province/action plans developed/action plans implemented</p> <p>Justification/Management Utility: This indicator will allow us to track success in sensitizing and mobilizing communities to support basic education.</p>
PLAN FOR DATA ACQUISITION BY USAID
<p>Data Collection Method: Implementing partners' gather information from communities.</p> <p>Method of Acquisition by USAID: Quarterly reports submitted to USAID activity manager by implementing partner.</p> <p>Data Source(s): Implementing partners (CHANGES – SHN and CSMC)</p> <p>Frequency/Timing of Data Acquisition: Quarterly</p> <p>Estimated Cost of Data Acquisition: Low cost</p> <p>Responsible Individual(s) at USAID: Kent Noel, Ph.D.</p>
DATA QUALITY ISSUES
<p>Date of Initial Data Quality Assessment: August 2002.</p> <p>Known Data Limitations and Significance (if any): After about nine months of implementation the CHANGES project coordinators for CSMC and SHN did not fully understand the operational definitions of “implemented” and “action plan”. This is one main reason why targets were not being met under action plans in place/developed and implemented. There was also lack of appreciation of the importance of action plans as part of the overall CSMC strategy as well as delays in the clarification of the design and implementation plan for Southern Province. An example of the misinterpretation of definition of community “Action Plan” is the case of Eastern Province SHN project (December 2001 CHANGES quarterly report) that developed one action plan per school catchment area involving PTA, teachers and community members. These issues have now all been rectified and the flow of action plans – and proposals for small grants that are based on action plans – is steadily increasing. Eventually, the number of action plans will vastly exceed the target figures.</p> <p>Actions Taken or Planned to Address Data Limitations: Have conferred with implementing partners to operationally define “implemented” and “action plans”</p> <p>Date of Future Data Quality Assessments: TBD with Ministry and implementing partners</p> <p>Procedures for Future Data Quality Assessments: TBD with Ministry and implementing partners</p>

PLAN FOR DATA ANALYSIS, REVIEW, & REPORTING

Data Analysis: Compare targets to actual performance and assess trends

Presentation of Data: Matrix showing cumulative number of actions plans in place and number of action plans implemented or under implementation, with targets and actuals for both

Review of Data: Annual review of data.

Reporting of Data: PMP data table and narrative

OTHER NOTES

Notes on Baselines/Targets: The CHANGES Community mobilization efforts will result in the active involvement of communities of 9 districts in Southern Province and 3 districts in Eastern Province. For the purpose of research and verification, it is envisaged that, for Southern Province, 5 schools per district and 6-8 communities per school catchment area will be involved in action research and verification activities. Baseline year is 2000 with a target of 0. The target for 2001 is 3 districts (3 districts x 5 schools x 6 communities/school = 90 community action plans). The target for 2002 in 6 districts is 180 community action plans and the target for Year 2003 in 9 districts is 270 community action plans. We expect half of the action plans developed will be implemented or be under implementation each year. For Eastern Province, the target for 2001 is 31 (0 implemented/under implementation), while the target for 2002 is 60 action plans in place and 10-implemented/under implementation. The target for 2003 is 80 action plans in place and 20 action plans implemented. In the FY2001 PMP, no targets of action plans were available for Eastern Province because it was not originally envisaged that Eastern Province would come up with similar "CSMC" activities as in Southern Province. However, at the end of CY2001, the SHN program in Eastern Province reported having similar community activities as in Southern Province; hence, its inclusion under this indicator.

Location of Data Storage: Hard copies will be kept in SO2 office and electronic copies on LAN.

Other Notes: The number of actual plans implemented is far less in terms of targets met because the CHANGES project is not mandated to provide grants for all actions plans/activities that require funding. While the CHANGES project may assist with identification of possible sources of funding community proposals related to their action plans through the Ministry of Education partners or NGOs, it is mostly up to the communities themselves to see that action plans have the resources for implementation.

Performance Data Table

Unit of Measure: Number of communities with action plans for education in targeted areas.

SP = Southern Province

EP = Eastern Province

T = Total

Year	Action Plans in Place						Action Plans Implemented					
	Planned			Actual			Planned			Actual		
	SP	EP	T	SP	EP	T	SP	EP	T	SP	EP	T
Baseline Year 2000	0	0	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A
2001	90	31	121	30	8	38	45	0	45	0	5	5
2002	180	60	240	139	62	201	90	10	100	1	10	11
2003	270	80	350	N/A	N/A	N/A	180	20	200	N/A	N/A	N/A

THIS SHEET LAST UPDATED ON: January 6, 2002

IR 4 Indicator #2: Number of pupils and teachers with access to anti-AIDS initiatives such as anti-AIDS clubs, campaigns, and counseling programs.

Performance Indicator Reference Sheet
Strategic Objective: Improved quality of basic education for more school-age children, II Intermediate Result: Mitigate the Impact of HIV/AIDS on the Education System Indicator: Number of Interactive Radio Learning Centers (IRLCs).
DESCRIPTION
Precise Definition(s): Programs to mitigate the impact of HIV/AIDS include informational programs, sensitization activities, counseling programs, and conceivably programs providing medical assistance. Currently SO 6 has pilot programs dealing with all of the above strategies except medical interventions. Unit of Measure: Number Disaggregated by: Justification/Management Utility: This indicator is based on the hypothesis that pro-active information and awareness campaigns can prevent and mitigate the impact of HIV/AIDS. There is body evidence that such programs, if effectively run, can make a difference. This indicator is a standard proxy used for prevention and mitigation.
PLAN FOR DATA ACQUISITION BY USAID
Data Collection Method: Quarterly reports from partners/contractors. Method of Acquisition by USAID: Reports submitted by contractors and implementing partners. Data Source(s): implementing partners/contractors. Frequency/Timing of Data Acquisition: Annual Estimated Cost of Data Acquisition: low cost Responsible Individual(s) at USAID:
DATA QUALITY ISSUES
Date of Initial Data Quality Assessment: August 2003 Known Data Limitations and Significance (if any): Actions Taken or Planned to Address Data Limitations: Date of Future Data Quality Assessments: TBD with Ministry and implementing partner. Procedures for Future Data Quality Assessments: TBD with Ministry and implementing partner.
PLAN FOR DATA ANALYSIS, REVIEW, & REPORTING
Data Analysis: Data will be analyzed and summarized by the implementing partner and reviewed by MOR and USAID. Compare targets to actual performance and review trends of this indicator in conjunction with related indicator. Presentation of Data: Tables and graphs showing targets and actuals, disaggregated as noted above. Review of Data: Annual. Reporting of Data: PMP tables and narrative.
OTHER NOTES
Notes on Baselines/Targets: Baseline data to be determined for year 2003. Location of Data Storage: Hard copies are kept in SO6 office and electronic copies on LAN. Other Notes:
Performance Data Table tbd
THIS SHEET LAST UPDATED ON:

IR 6.4, Indicator # 3: Number of Operating Units Participating in “HIV/AIDS in the Workplace” activities.

This indicator is almost identical to indicator number 3 for IR. 6.3, “Functioning personnel policy for HIV/AIDS” (see above), and can be used as an indicator of how effectively the HIV/personnel policy is functioning.

Appendix 6. Budget Scenario Tables

STRATEGIC OBJECTIVE 6: FUNDING REQUIREMENTS (5% INFLATION FACTOR)

	Millions of Dollars							Total
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	
DA funding	5.10	5.10	5.10	5.10	5.10	5.10	5.10	35.70
SCH funding	1.75	1.75	1.75	1.75	1.75	1.75	1.75	12.25
Yearly Total	6.85	6.85	6.85	6.85	6.85	6.85	6.85	<u>47.95</u>

MINIMUM FUNDING SCENARIO

	Millions of Dollars							Total
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	
DA funding	4.3	4.3	4.3	4.3	4.3	4.3	4.3	30.10
SCH funding	1.75	1.75	1.75	1.75	1.75	1.75	1.75	12.25
Yearly Total	6.05	6.05	6.05	6.05	6.05	6.05	6.05	<u>42.35</u>

Appendix 7. Summary of Other Assessments and Important Documents

Joint USAID/W DCHA/FFP and AFR Bureau Team, “Analysis of Food Security, Health and Nutrition in Zambia” – February, 2003

The purpose of the report is to help resource the USAID/Zambia Mission to assist its planning staff in integrating the themes of food security, nutrition and health into the new Country Strategic Plan for 2004 - 2010

Summary of Recommendations for the education sector

1. Improved quality of basic education delivery systems - Curriculum should include information about nutritious local foods and healthy dietary practices relevant to Zambia
2. Mitigate the impact of HIV/AIDS on the education system – Is this IR just targeting the impact of HIV/AIDS on the education system, or is it utilizing the education system to mitigate the impact of AIDS? We would recommend both.

Curriculum should be reviewed and revised to add livelihood and homemaking know-how for those children who may have lost important information about farming, marketing, house keeping, etc. due to the death of a parent. In order to increase food security, schools can use school gardens to promote good farming practices, improve students' understanding of good dietary practices and feed the students.

**Richard Siaciwena with Megan Thomas, John Luangala & Christopher Haambokoma,
“Report on the Rapid Appraisal of the MOE’s Interactive Radio Instruction (IRI) Basic
Delivery System,” August, 2002**

The focus of this appraisal was to determine the quality of the IRI delivery system. The objective of the study was to gather data systematically to provide good information to education decision-makers regarding the quality of the IRI basic education delivery system and how it can be improved.

Summary of Recommendations

1. Education Broadcasting Services (EBS) should train writers to be more creative and to produce interactive radio lessons.
2. EBS should provide necessary equipment for studio production and maintenance services.
3. EBS should facilitate community participation and support through radio broadcasts.
4. EBS/MOE should build the capacity of communities to support IRI centers and mentors by providing continuing technical advice and training on managing IRI learning centers to communities through NGOs and other partners operating in a given community.
5. Improvement of Monitoring and Evaluation by involving the EBS staff, District Education staff and even the communities
6. MOE should build capacity for monitoring IRI learning centers by allocating money to it in the budget, and by building appropriate expertise in monitors.
7. MOE/EBS should create, streamline and institutionalize procedures of the management system
8. The MOE must define what is meant by IRI being a “transitional” strategy.
9. EBS should operationalise the IRI Implementation Forum through which NGOs and private sector partners can share information on the IRI program and develop functional partnerships and strategies for collaboration.
10. MOE should create a career progression route by making mentor training an advantage in selection to teacher training colleges.
11. The EDC staff should continue to provide the much needed and highly appreciated professional support to all those involved in the production of radio lessons.
12. EBS should expand the Life Skills component of the IRI program by increasing time for the segment, mentors given life skills as part of training, provide more teaching aids and in order to increase community support for Life Skills being taught in the IRLCs, parents and other community members should be targeted in a program on life skills including HIV/AIDS prevention.

BESSIP and Support of USAID and Cooperating Partners “ The Basic Education Sub-Sector Investment Programme (BESSIP)” October 14, 2002

The Strategic objective of USAID/Zambia’s interventions has been to ‘improve the quality of basic education for more school-aged children.’ The program activities have been

designed within the framework of the Basic Education Sub-Sector Investment Programme (BESSIP), in collaboration with the MOE.

Summary of Recommendations

1. Improved quality of learning environments in terms of:
 - a. Program for the Advancement of Girls Education (PAGE) – this is aimed at creating a girl-friendly school environment to promote more girls and women in education and retaining them in the system.
 - b. Interactive Radio Instruction (IRI) – the support for IRI is to increase access to basic education for out-of-school children.
 - c. Community Sensitization and Mobilization Campaign (CSMC) – the CSMC activity supports the MOE’s aim for greater access to basic education, especially for girls, orphans and out-of-school children through the active participation of communities in the education of children.
2. Improved delivery of school-based health and nutrition interventions in terms of:
 - a. School Health and Nutrition (SHN) program – the aim is to improve pupils’ health and nutrition status and thereby improve learning capacity and performance. CHANGES are assisting the MOE in establishing a SHN intervention delivery system.
 - b. Zambia DHS Education Survey (ZDES) – the ZDES activity focuses on collecting education data from households to supplement the annual school survey data (e.g. major factors that influence household demand for schooling and perceived benefits of schooling). This survey builds on the Demographic and Health Survey.
3. Improved information for decision – making in terms of Education Management Information System (EMIS) and competency-based testing.
4. Mitigation of HIV/AIDS in Education – USAID’s support for HIV/AIDS mitigation crosscuts all of its activities. Life skills education, community sensitization, and IEC activities are fostered through interactive radio instruction, school health and nutrition, and community sensitization and mobilization activities. USAID also provides assistance for HIV/AIDS strategic planning in education through a regional HIV/AIDS task force, the Mobile Taskforce Team (MTT) based at the University of Natal, Durban, which the MOE may request for assistance, based on its strategic planning needs.

Education Boards Services, “Communication in the New Structure of MOE,” December, 2002

The report describes how the MOE will start developing communication systems for the new structure of the MOE that will meet the demands of the decentralized education management system.

Summary of Recommendations

1. There should be delegation of roles and responsibilities
2. There should be decentralization of the filling system at the Ministry of Education headquarters
3. Computerization of personnel data will make a difference in the area of human resource management; it is therefore being recommended that the Ministry establish a 'nerve centre' where data of all personnel from college to the Permanent Secretary level would be stored.
4. MOE to take a deliberate action to conduct awareness exercise at all levels about working culture
5. Record management establishment be strengthened through recruitment of highly trained personnel, development of training programmes to meet the demands of this section such as re-arrangement of training records.
6. MOE should develop a comprehensive communication systems manual, which could contain among other information, areas of communication, mode of communication and directory.
7. MOE should create information desk – this will enable the MOE strengthen the Public Relations Office and the functions will be to:
 - a. Promote and maintain a sound communication network between the MOE and the public on relevant issues relating to the operations of the Ministry in order to keep all stakeholders well informed and also to ensure interdepartmental links within the Ministry.
 - b. Analyze promptly press releases on matters relating to education in order to prepare appropriate responses.
 - c. Prepare timely brochures and memoirs on issues relating to policies and implementation of education programmes.
 - d. Respond timely to public queries in order to ensure smooth information flow.

Prepared for USAID/ZAMBIA Under USAID Contract No. PCE-1-00-00-00015-00, Task Order No. 804, “The Development Context of Zambia: An update and Analysis, with Lessons Learned and Recommendations for USAID’s Next Strategy Plan” August 14, 2002.

The contextual study of this report is a portrait of Zambia’s development context in mid 2002. The consulting team organized its work according to three themes that dominate the Zambian scene today and that is: governance, poor food security and HIV/AIDS.

Summary of Recommendations for the education sector

The crisis in the education sector constitutes a major constraint to the promotion of sustainable human development of Zambia. The crisis manifests itself in several ways, including the following: low enrollments, low progression, high dropout rates; poor attendance because children are engaged in income-generating activities to supplement family incomes, tending sick family members, and traveling long distances from school; poor learning environments and lack of opportunities for appropriate skills training; malnourished learners who are unable to achieve their full learning potential; de-motivated and ill-qualified teachers, especially in the rural areas, high illiteracy levels; ill health among teachers, pupils, and others in the education system; lack of motivation for parents to send their children to school; and gender disparities because of choices parents have to make on who goes to or stays in school. Zambia’s PRSP notes that the education system is characterized by inadequate places at all levels due to a wide range of factors such as cost and insufficient numbers of teachers and tuition materials, particularly in rural areas. In addition, there is inadequate provision of appropriate educational opportunities for the differently endowed. Low levels of retention compound this, with children beginning to drop out of school as early as Grade 2 due mostly to the high cost of education. Other reasons for dropping out are HIV/AIDS infections in the family, long distances to school, opportunity labor costs, early marriages, and pregnancies.

It cannot be over-emphasized that the HIV/AIDS pandemic in Zambia threatens to wipe out all the gains Zambia has registered in the realm of human development over the preceding four decades. The PRSP notes that education is severely hit by the pandemic because teachers are said to be among the four most infected groups in Zambia. About one thousand teachers die each year from the pandemic. Another tragic consequence of the situation expresses itself in the 600,000 or more children who have been orphaned by the pandemic, many of whom have dropped out of school for lack of means.

Opportunities in education are not easy to discern under the circumstances. Basic public education, already wracked by multiple woes, is further devastated by a plague that is hitting teachers and female students especially hard. HIV/AIDS at one and the same time cuts down disproportionately an indispensable profession and the very half of the population that gender mainstreaming work is intended to benefit. Realistically, it may be that preserving the very most that is possible in these conditions is the best one can hope for. If there were an opening, it would appear to consist of seizing an advantage from the relationship between education and the disease by turning education itself around to strike back against its greatest tormentor, HIV/AIDS. Happily, that has begun: the Ministry of Education (MOE) leads all other Zambian ministries in its anti-HIV/AIDS planning and activities. Funding agencies are stepping forward

to finance ways of using education and its structure to attack the disease. Zambia's network of schools, pupils, teachers, parents and well wishers could become a potent anti-HIV/AIDS weapon particularly at the key ages when children can be most easily influenced and are also the most vulnerable. The stakes in this counterattack are no less than saving the coming generation for development in lieu of losing it to HIV/AIDS.

**William B. Nance & Oliver S. Saasa (under a subcontract to L.T. Associates, Inc.),
“Education Non-Project Assistance Feasibility Study,” July 2002.**

This study, a part of the education review, focuses on the possible use of Non-project Assistance (NPA) as a funding modality USAID/Zambia might consider as a means of delivering assistance to Zambia.

Summary of the key recommendations

1. USAID should participate in some form of pooling of resources in support of BESSIP. The study suggests USAID could reap several benefits through provision of NPA to BESSIP, including: increased influence in the sector, and leveraged support for MOE from other GRZ ministries in key areas.
2. USAID provision of NPA would help to strengthen internal Government systems of resource management and accountability, and provide vital support at a time when some donors are beginning to consider “off-budget” alternatives to resource transfers because of worries that the Ministry of Education systems are building capacity too slowly.
3. USAID should take a more prominent role with the MOE and the cooperating partners in the full range of discussions and decisions that affect the education sector, especially with regard to the basic education sub-sector. This may mean bringing in other USAID staff resources when necessary, such as funding specialists (economists, systems management specialists, planning consultants) and experts in other fields (such as the health and agriculture – perhaps from current USAID/Zambia staff) who can share their experiences with the cooperating partners.
4. USAID should actively work to encourage GRZ to complete the reorganization of the Ministry of Education, to clarify the role of the Ministry of Education Planning Directorate with respect to BESSIP, and clarify the roles of BESSIP personnel vis-à-vis the Ministry of Education. USAID should consider developing one or more “triggers” under an NPA program as one way to do this, but senior management of USAID should also weigh in on this crucial issue.
5. USAID/Zambia should continue to implement project assistance, along with a new NPA program for BESSIP. We do not believe USAID should abandon the “project” funding modality. We believe there is activities that can best be addressed used different funding modalities, and that certain projects that currently support BESSIP will have a positive long-term impact on the sector.

The Forum for African Women Educationalists in Zambia (FAWEZA), “Strategic Plan 2001 – 2005,” April 2001

The education objective of FAWEZA is to increase girls’ and women’s enrolment, retention, progression, qualitative performance and completion at all levels in the education system

Summary of the Strategic Objective of programmes for education of girls and women:

1. To develop and or implement programmes that will enhance girls’ and women’s participation and achievement in education and survival of HIV/AIDS;
2. Identify areas, conduct research and use data to design programmes that take into account the special needs of the education of females;
3. Develop innovative education models and diverse approaches to learning teaching of areas of need especially SMT;
4. Build capacity for communities and school to enable them carry out activities in girls’ education;
5. Develop programs that promote community demand driven activities and decision making policies e.g. Participatory Learning Approach;
6. Develop and implement programmes that will strengthen non-governmental organizations capacity to advance girls’ education with emphasis on public accountabilities;
7. Develop and or implement programmes to mitigate against HIV/AIDS;
8. Render support to HIV/AIDS infected affected girls in schools; and
9. Provide support services for needy girls.

Ministry of Education Restructuring and Decentralization Committee, “Financial Guidelines and Operational Manual” May, 2001.

The Ministry of Education is decentralizing its education system by establishing Education Boards throughout the country in order to improve the quality of education by devolving some of the key functions and powers to the Boards which are near the points of delivery.

The Financial Guidelines and Operational Manual for Education Boards therefore, are intended to guide the Principal Officer, Board Members, Accounting Officers, Parent Teachers’ Association, Pupils and the Public in general on the financial accounting and management procedures of the Education Boards.

Hence, these guidelines are provided to enhance accountability, transparency and to strengthen the overall management in line with the National Policy of Education “*Educating Our Future*”.

It is however, advised that these guidelines should be read together with circulars and other regulations issued from time to time by the Boards and the Ministry of Education.

In case of conflict of interpretation, the Ministry of Education shall be the final authority.

Dorcas Mbozi and Others: “Gender Assessment” (Draft) No Date

The purpose of the report is to provide the sector specific technical assessment on gender that USAID/Zambia commissioned as part of Country Strategic Plan development

Summary of Recommendations for Gender issues in education sector

1. Capacity building in gender mainstreaming skills and techniques for the communities, pupils, planners and implementers.
2. Establishing of Gender management systems, which would include establishment of gender database.
3. Enhance the collection of gender-disaggregated statistics in the education sector.
4. Carry out research to establish the nature and extent of sexual harassment in schools and its impact in view of HIV/AIDS
5. Develop gender guidelines, checklists and indicators for effective data collection and analysis.
6. Carry out continuous monitoring activities of gender activities.
7. Carry out continuous gender training at all levels
8. Carry out research to find out who among the cooperating partners is doing what
9. Institute gender budgeting and gender based auditing
10. Incorporation of gender in the job descriptions especially at provincial and district levels
11. Establish gender corners in the resource centers
12. Ensure that the HIV/AIDS have taken into account the gender dimension.
13. Mainstream gender into all HIV/AIDS programmes, plans and activities
14. Continue discussions with communities on the implications of some of the social cultural issues visa-via HIV/AIDS

Ministry of Education - Zambia, “HIV/AIDS Strategic Plan 2001 – 2005,” 2002

The purpose of HIV/AIDS Strategic Plan is to ensure safe and supportive education institutions and learning environment that promote choices, positive behavior and attitude amongst learners, teachers and managers.

Summary of objectives of the HIV/AIDS Strategic Plan:

1. To strengthen existing MOE structures in order to effectively deliver the HIV/AIDS and education programme.
2. To ensure availability of both internal and external resources to provide adequate supply of trained motivated personnel at all levels of the system including peer educators
3. To produce guidelines for educators
4. To audit existing policies, regulations planning criteria, plans and code of conduct – and develop more comprehensive regulations on all aspects of sexual violence and harassment and abuse in schools, colleges. Thereafter, ensure their implementation; develop more comprehensive regulations on all aspects of sexual violence, harassment and abuse in schools and colleges.
5. To continue to develop and distribute H/A & LS materials to grades 1 – 4, 5 – 7, 8 -9, college students and out of school youth.
6. To design and supply, in association with development partners, HIV/AIDS sensitive training packages and materials for personnel at all levels of the system.
7. To improve management for HIV/AIDS by training and monitoring
8. To design and implement a data collection instrument for HIV/AIDS information support system.
9. To train all teacher trainers in life skills, SRH and basic facts on HIV/AIDS
10. To promote the use of peer approach by end of 2001 at all levels to encourage safer life styles.
11. To establish an HIV/AIDS committee at each school/college that will deal with every aspect of HIV/AIDS, have clear guidelines and include school/college management, staff, pupils, students, parents and communities.
12. To link schools to Basic Home care providers in order to facilitate early identification of vulnerable children.
13. To provide information on nutritional foods for HIV/AIDS infected or undernourished learners in school and college health and nutrition programme.

No Author: “Mid-Term Assessment of USAID Support for Zambia’s Education Management Information System (EMIS) and Related Activities,” No Date

Some of the purposes/objectives of EMIS are:

1. To improve capabilities of the MOE to collect, organize, process, store, share and disseminate education information for informed planning and management of education at all levels.
2. To establish an EMIS Platform that provides the MOE at all levels with access to that information.
3. To establish and enable the MOE to use simulations and modeling systems, based on real, current EMIS data, to plan and to project needs and resource requirements within the MOE

Summary of Recommendations

1. The programme should be expanded and scaled to the rest of the provinces and districts so that they also benefit from what is being done in the two provinces and districts under the pilot program.
2. Training of EMIS personnel is vital for building a sustainable system from school level to the ministry level following up the administrative tiers.
3. The School data collection instrument is too large, at least for a reviving system hence data elements has to be collected through periodic survey or obtained from reliable secondary sources.
4. To have external technical assistance based in the project site than depending on correspondence through email.
5. Establish relations with EMIS units in other countries and organizations that are engaged in similar activities of building education management information systems and promotion of information services for experience exchange and learning from one another.
6. Investigate ways of procuring hardware and software from within the country or neighboring countries so as to lower costs and getting the activity done faster.
7. There is need to provide adequate budgetary resources to ensure the sustainability and effectiveness of the program.
8. To identify and use information from secondary sources and include it in standard report such as Annual statistical abstract, examination results, etc. since it is almost impossible for EMIS to collect all information needed for the Ministry.
9. Promote the use of information at all levels, especially, the school.
10. Collaborate with other users so that there are no overlaps in data collection and processing, and use of information.
11. Development of dissemination strategies by identifying users.
12. Revive the school management records system that enables the schools not only to compile and use basic data, but also to make the source information ready to fill the annual data collection questionnaire.
13. Develop the culture of using data for planning purposes at all levels including the school.

Y. Mumbula, Acting Chief Education Officer, Education Boards Services, “MOE – Report on the Restructuring and Decentralization in the Ministry of Education,” January, 2003

The major purpose/objective of restructuring and decentralizing the MOE is to provide the quality, delivery efficiency and cost effectiveness of public services to the people of Zambia.

Summary of conclusions

1. The restructuring of the Ministry of Education by re-alignment is more cost effective and costs far much less than the one in which all posts are frozen and then re-advertised, as had been earlier proposed
2. Restructuring of the Ministry of Education has been undertaken as part of the Public Service Reform Programme in order to fulfill the government policy and desire for overall economic structural adjustment.
3. The centralized management of education has proved failure to deliver quality education as desired by the Zambia people
4. Decentralization of the delivery of education remains the only hope to provide an efficient and effective management and delivery system for quality education.
5. Education Boards at different administrative levels have been established as a component of decentralization in order to enhance community participation, transparency and accountability in the corporate management of education.

Ministry of Education, Zambia “Strategic Plan 2003 – 2007,” January 18, 2003

The priorities of the Strategic Plan 2003 – 2007 are as follows:

1. Improved access, gender equity and quality in basic education (Grades 1 – 9);
2. Improved quality and efficiency in high school and tertiary education;
3. Development of relevant skills and enhanced learning achievement by all learners;
4. Effective decentralization of decision-making, procurement and financial management to districts and schools;
5. Management/mitigation of the impact of HIV/AIDS.

Summary of the Overall Sector goals of the Strategic Plan

1. Access/Equity
 - a. Equitable access to education at all levels through formal and alternative modes of delivery in partnership with key stakeholders
2. Quality
 - a. Quality and relevant education, which enhances knowledge, skills, attitudes, values and lifelong learning
3. Administration, Financing and Management
 - a. An improved policy formulation, planning and information management environment
 - b. A sufficient, skilled and motivated human resource for the education system.
 - c. A properly financed, professionally managed, accountable and cost-effective decentralized education delivery system.
4. HIV/AIDS
 - a. An education system that counters the HIV/AIDS pandemic and manages its impact on education delivery, poverty and gender inequity.

LEGEND Consulting Services Ltd for MOE, “ The National Implementation Framework of the MOE Strategic Plan 2003 – 2007” February, 2003

The purpose of the National Implementation Framework (NIF) is to provide the basis for coordinating and implementing the Sector Plan amongst the various partners. The NIF provides a quick reference to the MOE goals and aspirations, programmes and indicators for success; a broad implementation strategy, which incorporates mechanism for monitoring the implementation process; and a Five-Year Implementation Framework, which is the basis for developing detailed Annual Work Plans at different levels of implementation.

Summary of MOE policy Framework

Zambia’s national education policy document, ‘*Educating our Future*’ 1996 laid down a clear vision for reforms of the whole education sector focusing on:

- Increasing access to quality education for all at all levels of the education system;
- Achieving high pupil retention, and progression and completion rates with emphasis on girls and the poor and vulnerable;
- Supplying adequate trained and motivated teachers and lecturers for all levels;
- Reviewing the curriculum at basic, high school and tertiary levels to provide relevant skills and knowledge;
- Supplying sufficient learning/teaching materials for all levels;
- Effective decentralization of education delivery, and;
- Management/mitigation of HIV/AIDS.

The government’s thrust on education is to achieve increased and equitable access to quality education at all levels through a variety of policy decisions, initiatives/strategies and programmes, which are well articulated in the Strategic Plan include the abolition of schools fees, support to alternative modes of delivery, introduction of bursaries to cater for the most vulnerable. The MOE has prepared this NIF to guide the translation of these policy decisions and programmes into activities aimed at achieving national policy on education “Educating Our Future.”

**Paul A. Hebert, Geoffrey Lungwangwa, William B. Nance & Oliver S. Saasa, Zambia,
“Review and Analysis of Zambia’s Education Sector” August, 2002**

The ultimate purpose of the education sector review and analysis is to recommend strategic options to consider during the design of USAID/Zambia’s support for Education in its next Country Strategic Plan. The study is also expected to include the recommendations of alternative results frameworks and potential activities to be supported from fiscal year 2004 and beyond.

Summary of the Recommendations of the Review and Analysis of Zambia’s Education Sector are as follows:

1. School Health and Nutrition (SHN)
 - a. The on-going pilot study in the Eastern Province should be continued so as to serve as a model for expansion.
 - b. The concept document “School Health and Nutrition Proposed Expanded Strategy 2001 – 2008 of July 2002 should be studied carefully; implementation of scaling up be undertaken cautiously and, the issue of procurement of programme materials be addressed expeditiously.
2. Interactive Radio Instructive (IRI)
 - a. The capacity building of the programmers of the MOE/Education Broadcasting Service (EBS) by the technical assistance team of the pilot project should continue.
 - b. The IRI should be formally integrated into the MOE System (formal school, community schools, distance education)
3. Community Sensitization and Mobilization Campaign (CSMC)
 - a. The consolidation of the pilot activity into a model instrument for potential scaling up should be a priority.
 - b. The monitoring function must be strengthened to assure appropriate assessment of the programme’s impact.
4. Education Management Information System (EMIS)
 - a. The preparation and consolidation of training programmes by pilot project technical staff should be continued.
 - b. The MOE should appoint counterpart staff to interface with the pilot project technical staff.
5. Gender and equity programme for girls in basic education
 - a. Focus should be placed on student performance (retention, promotion, completion) in the formal sector
 - b. USAID should explore further the provision of bursaries for girls.
6. HIV/AIDS
 - a. USAID should participate actively in the implementation of the MOE/HIV/AIDS Strategic Plan 2001 – 2005.
 - b. USAID should continue to support HIV/AIDS activities in all its current projects (SHN, IRI, CSMC, EMIS, new Gender/Equity Programme).

Oxford Policy Management, Oxford “Unit Costs of Education in Zambia” July 2002

The overall aim of the study is to support the Ministry of Education in developing a financing framework to underpin the 5-year Strategic Plan for the education sector.

Summary of conclusions for the Unit Costs of Education in Zambia

The report offers suggestions for improving efficiency, equity and effectiveness of public spending in the Zambian education system. The policy simulation exercise, which incorporates the proposed reforms, demonstrates that providing all primary pupils with a learning environment of acceptable quality (a necessary condition for achieving the International development goal of universal primary completion by 2015) is affordable, providing there is firm commitment from government and external partners. This would involve considerable, but not inconceivable, increases in current funding levels.

The analysis of the national and case study data suggests that the government could raise value for money and equity in public spending. Seven issues emerged as priorities for government attention in this regard:

Effectiveness – improving effectiveness by ensuring that all primary pupils have adequate teaching and learning materials, and textbooks.

Initial access to Grade 1 primary education is high, but there are concerns over the effectiveness of the system in retaining pupils. The primary completion rate is only 67 per cent. Government spending on education is heavily skewed towards salaries. Teachers cannot operate effectively without a minimum level of operational inputs, such as, maintenance and instructional materials. In recent years, the main source of operational expenditure for schools has been parental fees. In the context of the new Free-Primary Education Policy, more government funded operational expenditure is needed, if the government wishes to improve the effectiveness of the system.

The basic school case study found that the purchase of learning materials and uniforms is a much larger cost to rural parents than school fees. This suggests that the most important parts of the FPE policy, in encouraging rural parents to enroll and retain their children in school, is the abolition of uniforms and the financing of teaching and learning materials by government.

The urban government schools surveyed use income from parental fees to pay for almost all operating expenses and employment of support staff, including security guards. The government needs to decide whether to absorb any, all, or part, of these costs. If head teachers are to manage their schools effectively, they require information on the basis for, and level of, any government subsidy, as well as clear guidelines on alternative financing mechanisms.

USAID/Zambia “HIV/AIDS Strategy” January 15, 2003

The HIV/AIDS strategy, which is integrated into and throughout the overall country strategy plan, comprises two complementary objectives.

- The first objective is to decrease the rate of new HIV/AIDS infections among Zambians under the age of 24. This objective corresponds with USAID/Zambia's SO 7 objective, "Improved Health Status for Zambians." The HIV/AIDS objective is also in line with USAID's global HIV/AIDS Expanded Response strategy, which aims to reduce the prevalence among youth aged 15 – 24 and increase access for infected, pregnant women to antiretroviral prophylaxis to reduce HIV transmission to their infants.
- The second objective is to reduce the impact of HIV/AIDS on Zambia through a multi sectoral approach. This objective will contribute directly to the overall CSP objective, Prosperity, Hope and Better Health for Zambians. It also contributes to two of the Expanded Response goals for HIV/AIDS: Provision of basic care and psychosocial support services to HIV-infected persons and Provision of community-support services to children affected by AIDS.

To achieve these objectives USAID/Zambia will include HIV/AIDS activities within all five Strategic Objectives of the 2004 – 2010.

A number of key HIV/AIDS activities will continue under SO3. Multi-sectoral HIV/AIDS activities will be implemented under SO9. The SO9 team will coordinate and harmonize HIV/AIDS activities in the different sectors, functioning both as a coordinating unit and managing its own multi-sectoral activities. The SO9 team will coordinate:

- Mission-level reporting, monitoring and evaluation of HIV/AIDS activities;
- Technical support to other SO teams on sector-specific HIV/AIDS interventions.

Central Statistical Office, Zambia & ORC Macro Calverton, Maryland, USA “Zambia DHS EdData Survey 2002 Preliminary Report” December, 2002

The Central Statistical Office (CSO) of Zambia carried out the 2002 Zambia DHS EdData Survey (ZDES) in partnership with the Zambia Ministry of Education (MOE), from 2 August to 30 October 2002. The United States Agency for International Development (USAID)/Zambia provided funding for the ZDES. Funding for the overall DHS EdData Activity, including the development of the model survey instruments, was provided by USAID's Office of Education in the Bureau for Economic Growth, Agriculture and Trade.

DHS EdData is designed to provide timely education data in support of policy and program planning. The DHS EdData Activity is closely affiliated with the Demographic and Health Surveys (DHS) Program, with education surveys being statistically linked to DHS surveys. In Zambia, the 2002 ZDES was linked to the 2001 – 2002 Zambia DHS.

This report presents preliminary data from the 2001 – 2002 Zambia DHS and from the 2002 ZDES.² A final report providing comprehensive analysis of the 2002 ZDES will be published in mid 2003. While considered provisional, the survey results presented here are not expected to differ significantly from those presented in the final report.

The 2002 ZDES provides information about the decisions households make about primary schooling. DHS EdData investigates this decision-making process, focusing on major factors that influence the demand for schooling, such as child characteristics (gender, age, residence), the costs of schooling (monetary and non-monetary), and the perceived benefits and quality of schooling. The 2002 ZDES also provides information about rates of school participation among youth age 5 – 24. In addition, ZDES presents both anthropometric (height and weight) and literacy/numeracy data for children aged 7 – 10.

A scientifically selected set of households was included in the 2002 ADES, and within those households, parents/guardians were interviewed about the education of their primary school-age children. These parent/guardian respondents answered questions about their own background, the reasons for their school-age children never having attended school or having dropped out of school, household expenditures on schooling and other contributions to schooling, parent/guardians' perceptions of the benefits of schooling and of school quality, distances and travel times to schools, the frequency of and reasons for pupil absenteeism, and other information that will be helpful to education policymakers and administrators.

² This document includes results from both the 2001-2002 Zambia DHS and the 2002 ZDES, but because its primary focus is on the 2002 ZDES, discussion of sampling and survey implementation, etc., concentrates on the 2002 ZDES. Preliminary results from the 2001-2002 Zambia DHS can be found in the Zambia Demographic and Health Survey Preliminary Report.

Ministry of Finance and National Planning, Planning and Economic Management Department, “Zambia Poverty Reduction Strategy Paper 2002 – 2004” May 2002

The Zambia Poverty Reduction Strategy Paper in Education sector manifests itself in several ways, including the following: low enrolments, low progression, and high dropout rates; poor performance; poor attendance because children are engaged in income-generating activities to supplement family income, tending to sick family members, and long distances to school; poor learning environments and lack of opportunities for appropriate skills training; malnourished learners who are unable to achieve their full learning potential; de-motivated and ill-qualified teachers, especially in rural areas; high illiteracy levels; ill health among teachers, pupils, and others in the education system; lack of motivation for parents to send their children to school; and wide gender gaps because of choices parents have to make on who goes to school.

Summary of recommendation for PRSP Strategies in Education

1. Increased funding for the educational sector
2. Provision of quality and innovative training for teachers
3. Provision of competent and well-motivated teachers
4. Improvements in the conditions of service for teachers, in particular provision of a living wage, and housing – especially in rural areas, and for single female teachers
5. Provision of free and compulsory basic education for all
6. Passing of legislation to compel parents/guardians to send children to school.
7. Development of a relevant, flexible and innovative curriculum that will accommodate evolving development priorities, such as technology advancement, HIV/AIDS prevention, life skills, gender, environment, use of local languages for initial literacy, and topics relevant to local communities.
8. Development of a national policy on the education of orphans
9. Ensuring special learning opportunities for out-of-school children and illiterate adults
10. Eliminating sources of educational disadvantage to enhance equity and equality of access, participation, and benefit for all, in accordance with individual abilities.
11. Creating a conducive and enabling environment in all institutions to enhance standards of teaching and learning.
12. Promoting and integrating the use of ICT at all levels and in all modes of the educational system
13. Development of an ECCED system, recognizing its critical role in the development of mental, physical, and emotional capacities of children, thereby compensating for disadvantages.
14. Improvements in the progression rates to high school – particularly for the poor and the girl child, and provision of quality and relevant high school education, which prepares students for further education or employment through the skills and entrepreneurship training.

Zambia Community Schools Secretariat, “Narrative Work Plan,” 2003

Some of the objectives/aims of the ZCSS are as follows:

1. Producing a baseline for Community schools in the country and updating the database of ZCSS
2. Producing a Standardized Teacher training manual for Community School teachers.
3. Reviewing the curriculum used in Community school with a view to improving the SPARK manual
4. Exploring the possibilities of piloting a distance learning teacher-training programme leading to certification for Community Schools teachers – Lusaka, Kabwe. (Estimated cost for both centers is attached as a basis for lobbying).
5. Increasing awareness of the communities and influential leaders on HIV/AIDS and the rights of the children.
6. Lobbying Ministry of Education to implement the contents of the Memorandum of Agreement.
7. Improving communication between the secretariat and the partners and stakeholders through the production of newsletters, radio programmes and involvement of the partners in the implementation of activities designed for Community schools.
8. Production of a standardized training manual for Community Capacity enhancement.
9. Establishment of Zone Community School Committees, District Community School Committees and Provincial Community School Committees.

Conclusions

The preparation and formulation of the work plan for 2003 was widely represented drawing participants from community school movement including the Collaborating partners. It is with this understanding that the Work Plan presents a consensus of actual needs on the ground and therefore it is upon this basis that the implementation of these activities will address some of the problems faced by the Community Schools Movement in Zambia.

Our second assertion is that it will meet Donors expectations and be more than ready to support the initiative of the community movement in Zambia for the improvement of education among the vulnerable groups in the country.

The Secretariat is committed to co-ordinate and facilitates all the activities outlined in this Plan for easy implementation of these activities by our members and responsible CBO running these Schools.

Appendix 8. Summary of Meetings Held

Meeting with the Design Team USAID/Zambia

Date: 4th February 2003

Participants:

- | | | |
|----|-----------------------|----------------------------------|
| 1. | Dr. Kent Noel | - Education Advisor USAID/Zambia |
| 2. | Mrs. Winnie Chilala | - Education Specialist |
| 3. | Dr. Martin Schulman | - USAID Consultant |
| 4. | Mr. Mitch Kirby | - USAID, Washington |
| 5. | Prof. Elizabeth Mumba | - USAID Local Consultant |

Agenda:

1. Introductions
2. Review of TOR
3. Review of Initiative Schedule and meeting opportunities
4. Update from Mitch Kirby
5. Identify additional documentation requirements
6. Discuss Strategy for proceeding
7. Develop draft schedule

Comments

The meeting was informed that USAID would continue implementing and expanding those projects that were successful. But that NPA study conducted in August 2002 recommended that USAID should attempt to provide programme assistance through supporting the pool budget. Documents were already assembled for the team to review before starting the work. Latest review reports were also made available i.e. the Food Security Strategy Study, Review of the Education Sector in Zambia, IRI Appraisal Assessment, PAGE Evaluation and the Gender Analysis study being conducted using a multi-sectoral approach, HIV/AIDS Strategy Document and National HIV/AIDS Policy document. All documents from the Ministry of Education and other studies that had been conducted earlier by USAID were available to the Design team. The team was invited to the MOE Sector Plan and Budget meeting held on 10 – 12 February 2003.

Meeting with Health Team USAID/Zambia

Date: 6th February 2003

Participants:

1. Mr. Kennedy Musonda
2. Mr. Chris Muyunda
3. Dr. Karen Shelley
4. Mr. Perry Mwangala
5. Dr. Steve Hodgins - Child Health Specialist
6. Dr. Kent Noel - Education Advisor
7. Dr. Martin Schulman - USAID Consultant
8. Prof. Elizabeth Mumba - USAID Local Consultant

Agenda:

1. Introductions
2. Selection of HOW Group Chair
3. HIV/AIDS Multi-Sectoral budget, 2003
4. Review of unsolicited proposal
5. SO update
6. Results

Comments

Mr. Kennedy Musonda had been appointed the Programme Officer for HIV/AIDS in multi-sectoral approach. The design team left the meeting for another meeting before the HIV/AIDS budget was presented.

Meeting of the Zambia Community Schools Secretariat and Cooperating Partners

Date: 6th February 2003

Participants:

- | | | |
|-----|--------------------|--------------------------------------|
| 1. | Bert Huguenin | - Embassy of the Netherlands, Lusaka |
| 2. | J. McCormack | - EU/Zecab |
| 3. | Karen Jorgeusen | - GTZ/ZCSS |
| 4. | Andre Irabishoheje | - ZCSS |
| 5. | Margaret Akinware | - UNICEF Education, PAGE |
| 6. | Helen Chipepo | - Project Officer, ZCSS |
| 7. | Boyd Sitwala | - Finance Officer, ZCSS |
| 8. | Fideles Haambote | - Project Officer, ZCSS |
| 9. | Anderson Chizyuka | - CARE Project Manager |
| 10. | Luke Moens | - VVOB Representative |
| 11. | Peter Kabungo | - Director, ZCSS |
| 12. | Kent Noel | - Education Advisor |
| 13. | Martin Schulman | - USAID Consultant |

Agenda:

1. Opening Remarks
2. Feedback on 2003 work plan
3. Way Forward and comments from partners

Comments

The meeting dwelt particularly on the weakness of the draft work plan in such areas as its lack of specificity, incomplete budget, unrealistic implementation timetables and a lack of coherence.

It was evident, however, that ZCSS partners are strong supporters of its efforts and are determined to strengthen its capacity, impact and promote highly collaborative and common approach to planning and financing. There are significant issues to be resolved regarding its operations, especially in the development of mechanisms for common reporting and pooling of donor resources.

It was also evident from the work plan and discussions that there is much synergy and potential for collaboration between the ZCSS in the areas of distance learning and training of community based teachers. This was pointed out by Kent Noel

Report on the meeting at the Educational Broadcasting Services

Date: 7th February 2003

Participants:

- | | | |
|----|------------------------|--------------------------------|
| 1. | Dr. Sera Kariuki | - Senior Technical Advisor |
| 2. | Dr. Martin Schulman | - Design Team Leader |
| 3. | Prof. Elizabeth Mumba | - Principal Zambian Consultant |
| 4. | Mr. Mitch Kirby | - USAID Washington |
| 5. | Ms. Winnie Chilala | - Educational Specialist |
| 6. | Mr. Simon Richmond | - Technical Advisor IRI |
| 7. | Mr. Victor Vasquez | - Technical Advisor IRI |
| 8. | Mrs. Francesca Mubiana | |

Agenda:

1. Introductions
2. Briefing
3. Tour of Studios
4. Meeting with mentors
5. Any Other Business

Comments

The team was briefed on the development of IRI centers in Zambia as government response to the increasing number of out of school children in the country. IRI centers were preceded by a needs assessment, which was conducted in Lusaka and the nearby peri-urban townships into finding out about learning needs of children in these areas. The needs assessment revealed of information on why there were many children who were out of school, some of which were: lack of money, distance from school, and too old to start Grade 1.

Based on the results of the needs assessment government launched the IRI centers in July 2000. The demand for IRI centers increased rapidly and hence the government had to respond by providing self-winding radios to all centers with the assistance from well-wishers. The major activities that took place after the centers were established was training of writer and mentors who were volunteers in the communities.

Issues Raised

1. Mentors need regular remuneration although at the moment community's reward mentors whatever communities can manage sometimes they are paid in kind.
2. Mentors spend a lot of time after the 30 minutes broadcast to help the children hence the need to motivate them regularly.

3. The majority of mentors do not have the required qualification for teacher training hence the need to conduct short courses in order to sharpen their skills in assisting the children learn.
4. Because IRI centers follow the regular curriculum, it is easy for children to move to regular school.
5. There is increasing pressure to include practical subjects in the preparation of cases and in the training of mentors to teach them how to handle practical.

Report of the Ministry of Education Meeting of the Sector Plan and Budget

Date: 10 – 12 February 2003

Participants:

1. Directors at the Ministry of Education
2. PEOs
3. DEOs
4. NGOs
5. Cooperating Partners (NORAD, DFID, DANIDA, FINIDA, UNICEF, World Bank, USAID and The Netherlands)

Agenda:

1. Ministry Strategic Plan 2003 – 2007
2. Memorandum of Understanding
3. Financing the Sector
4. National Implementation Framework
5. National Work Plan Budget

Comments

The Minister of Education officially opened the meeting on 10 February 2003. The Minister emphasized that although BESSIP was developed following the policy document 'Educating Our Future', it left out two sectors, i.e. high school education and Tertiary education. The Strategic Plan, therefore, captures these two important sectors. The Strategic Plan focuses on the following areas:

1. Access/Equity – Equitable access to education at all levels through formal and alternative modes of delivery in partnership with key stakeholders.
2. Quality – Quality and relevant education, which enhances knowledge, skills, attitudes, value and lifelong learning.
3. Administration, Financing and Management – improved policy formulation, planning and information management environment. A sufficient skilled and motivated human resource for the education system. A properly financed professionally managed accountable and cost effective decentralized education delivery system.
4. HIV/AIDS – An education system that counters the HIV/AIDS pandemic and manages its impact on education delivery, poverty and gender equity.

The Strategic Plan will be guided operationalised by the National Implementation Framework, which contains sub-sector goals and targets, programmes, and sub-sector Timelines, Implementation level and Responsibility.

Issues Raised

1. Too much centralized authorization of expenditure
2. The MOE prefers the sector wide approach to funding but will accommodate those who prefer to fund directly to projects.
3. Existing Agreements will continue to be operational under BESSIP
4. Eventually BESSIP will be phased out and the Strategic Plan will take care of all the sectors including what was planned under BESSIP.

The World Bank official informed the meeting about the Fast Track Initiative which Zambia had not participated and cannot participate due to the following reasons:

1. Although a preliminary report was made after the 2000 census, no report has been prepared so far and reasons have been advanced for the delay.
2. There is need to have reliable demographic data which is not the case in Zambia.

Issues Raised by Donors

Donors raised several issues, which they needed, clarified in the plan. The Director of Planning and Information Systems responded to all the issues raised.

The BESSIP Manager presents the National Implementation Framework, which will guide the implementation of activities, rather operationalize what is in the Strategic Plan. Participants were divided into groups based on the four sections of the Strategic Plan. The groups presented the recommendations of the individual groups in the plenary session.

On 13 February 2003 the Minister of Education launched the Strategic Plan and chaired the Joint Steering meeting with Cooperating partners.

Meeting of SHN, HIV/AIDS and Gender Equity

Date: 17 February 2003

Participants:

- | | | |
|----|---------------------|------------------------------------------------|
| 1. | Dr. Martin Schulman | - USAID Consultant |
| 2. | Dr. Elizabeth Mumba | - USAID, Local Consultant |
| 3. | Edward Graybill | - TA Changes, MOE |
| 4. | Ummuro Adano | - TA, HIV/AIDS, DFID |
| 5. | Irene Malambo | - Coordinator HIV/AIDS – MOE |
| 6. | Hildah Chishala | - SHN, MOE |
| 7. | Matildah Mwamba | - Equity and Gender |
| 8. | Chilumba Nalwamba | - HIV/AIDS – TA MOE |
| 9. | Cuthberth Kanene | - Provincial Liaison Officer – HIV/AIDS
MOE |

Agenda:

1. Introductions
2. Briefing
3. Brain Storming on the future strategy on SHN, HIV/AIDS and Equity and Gender
4. Exercise of filling in and discussions on possible activities on the above items
5. Future strategies and activities
6. For members to think of, the baseline on the activities

Comments

The Design team leader led the discussion on the objective of the meeting and led the team through the MOE Strategic Plan goals and targets and the USAID/Zambia mission goals. Later, the discussion focused on future activities to be included in the USAID future activities. Several activities were added on the chart. It was revealed that although a lot of HIV/AIDS teaching and learning materials had been produced these had not been distributed to districts and schools.

Issues raised

1. Need for HIV/AIDS coordinators in schools
2. Need to integrate HIV/AIDS in the curriculum at teacher training colleges and in schools.
3. Need to explore a multi-sectoral approach to working on HIV/AIDS issues in schools and in communities
4. Arrangements for an impact assessment on the impact of HIV/AIDS in schools
5. Need for management information system at district level on the state of deaths of teachers, parents of children and children themselves

6. Need for use of radio to sensitize communities and children in school about HIV/AIDS and school health and nutrition.
7. Need to integrate life skills and HIV/AIDS in IRIs.
8. Need for the MOE to let MOH procure drugs for Bilhazia and HIV/AIDS

Meeting with Teacher Education Directorate

Date: 18 February 2003

Participants:

- | | | |
|----|---------------------------|-----------------------------------|
| 1. | Mr. Simon Chiputa | - Teacher Education |
| 2. | Mrs. Marianne Christensen | - DANIDA Technical Advisor, TED |
| 3. | Dr. Martin Schulman | - USAID Consultant |
| 4. | Prof. Elizabeth Mumba | - USAID Local Consultant |
| 5. | Dr. Kent Noel | - Education Advisor, USAID/Zambia |

Agenda:

1. Introductions
2. Briefing
3. Discussion

Comments

The Design Team Leader briefed the meeting on the aim of the visit to their section. The form was distributed to members and formed the basis of the discussion.

Issues Raised

1. Need for training of district and school managers in financial management
2. Strengthening district resources centers by charging user fees
3. Installing ICT in colleges so that trainee teachers are exposed to ICT while they are still in college
4. Need for career progression in in-service training
5. Need to integrate HIV/AIDS in the curriculum of teacher training colleges as has been done with gender across the curriculum.
6. Need for teachers of community schools
7. Need for colleges to sensitize local communities on dangers of HIV/AIDS and what measures can be done to reduce the incidence of HIV/AIDS.

Meeting with Mr. James Mulungushi, Director of Planning and Management: Ministry of Finance and National Development

Date: 19th February 2003

Participants:

1. Mr. James Mulungushi - Director, Planning and Management
2. Dr. Martin Schulman - USAID Consultant
3. Mr. William Nance - USAID Consultant
4. Prof. Elizabeth Mumba - USAID Local Consultant

Agenda:

1. Introductions
2. Briefing
3. Discussion

Comments

The team leader briefed the meeting on the objective of the meeting that USAID had supported Zambia in Project activities in the education sector for sometime. There was need to support education activities using a different approach using budget support for education activities. It was also emphasized that USAID was not a signatory to the MOU of the Ministry of Education on the Sector Wide Approach to funding. The Director indicated that government would accept their new approach to support education in Zambia.

Meeting with Mrs. Esther Sinkala: Director – Human Resources, Ministry of Education

Date: 19 February 2003

Participants:

1. Mrs. Esther Sinkala - Director, Human Resources
2. Dr. Martin Schulman - USAID/Consultant
3. Prof. E.C. Mumba - USAID Local Consultant

Agenda:

1. Introductions
2. Briefing
3. Basics on areas where USAID can assist Ministry of Education

Comments

The team leader briefed the meeting on the objective of the meeting. The form, which had been prepared before hand, was used to go through the activities to be included under each Intermediate result. It was discussed that USAID would assist in expanding IRI centers and improve the quality of ICT. The use of ICT in the training of teachers was discussed. USAID was urged to expand the school health and nutrition to other provinces. The EMIS project should also cover provinces.

Issues Raised

- Need for class registers
- Need for training at district and school level on the new decentralized system
- Need for support of ICT in colleges, District Resource Centers and later Zonal Resource centers
- Need for support for training in procurement at school level
- Capacity building is required in financial management and planning.

Meeting with Mr. A. Chengo, Technical Assistant: BESSIP

Date: 20th February 2003

Participants:

- | | | |
|----|-----------------------|--------------------------------------|
| 1. | Mr. Anorld Chengo | - Technical Assistant, BESSIP |
| 2. | Dr. Kent Noel | - Education Advisor – USAID/Zambia |
| 3. | Ms. Winnie Chilala | - Education Specialist, USAID/Zambia |
| 4. | Dr. Martin Schulman | - USAID/Consultant |
| 5. | Prof. Elizabeth Mumba | - USAID Local Consultant |

Agenda:

1. Introduction
2. Briefing
3. Discussion

Comments

Funds into BESSIP account are tracked. They will continue to flow until the agreements expire. GRZ funds are normally released without any follow-up. It was discussed that BESSIP should be firmly integrated into the Ministry of Education Strategic Plan activities. The financial system used by BESSIP is better because funds are tracked. There is regular management programme and monitoring of finances. This system of financial management should be merged with the MOE system, as the BESSIP accounting system is better. The MOE main accounts system is not activity based. MOE management must ensure that BESSIP system of accountability is adopted by the main system.

There is need for GRZ and BESSIP management to take control of the programme. MOE should ensure that it take EMIS as their programme run by the MOE. It should form the backbone of the Ministry of Education.

Meeting with Mr. Y. Mumbula

Date: 20th February 2003

Participants:

1. Dr. Martin Schulman - USAID Consultant
2. Dr. Kent Noel - USAID/Zambia
3. Prof. Elizabeth Mumba - USAID Local Consultant
4. Mr. Y. Mumbula - Chief Education Officer, Decentralization

Agenda:

1. Introduction
2. Briefing
3. Briefing on Decentralization in the Ministry of Education

Comments

The team was briefed that decentralization in the Ministry of Education started in 1994 during which piloting of Education Boards occurred in 1997. In 2000 decentralization committee was formed which spearheaded the decentralization of the Ministry of Education. The Decentralization section has several units. Under the restructured Ministry of Education decentralization falls under the Education Services Boards which has Principal Education officers, early child and basic education, high school and tertiary education – colleges.

All 72 districts have boards, all 118 high schools have boards and all 14 colleges have boards.

It was revealed that a lot of work had been accomplished in the preparation of guidelines, which have been used for training in Northern, and Western provinces where Ireland Aid and the Dutch were supporting respectively. A training package has been developed to assist board member under the following titles and themes:

- Change management
- Decentralization and decision making
- Human Resources management
- Financial Management
- Standards and curriculum
- Records management
- Contract
- Entrepreneurship

There is need for more training in financial management since districts and schools have funds, which are distributed to them.

Meeting with Bridget Chitambo: Financial Manager, BESSIP

Date: 20th February 2003

Participants:

- | | | |
|----|-----------------------|-----------------------------------|
| 1. | Dr. Martin Schulman | - USAID Consultant |
| 2. | Dr. Kent Noel | - Education Advisor, USAID/Zambia |
| 3. | Mr. William Nance | - USAID Consultant |
| 4. | Prof. Elizabeth Mumba | - USAID Local Consultant |

Agenda:

1. Introduction
2. Briefing
3. Discussion

Comments

The team leader briefed the meeting on the purpose of the meeting. The Financial Manager briefed the meeting that eventually the Strategic Plan will replace BESSIP. Under BESSIP, funds are placed in a pool, which has local and foreign currency accounts. Under the Strategic Plan there will be a new financial management system while BESSIP uses a different system. BESSIP submits quarterly reports on the activities and financial expenditure on the new Programme Assistance being proposed. The Financial Manager was agreeable provided Ministry of Finance releases funds on timely basis to Ministry of Education.

Meeting with Director of Budget

Date: 21st February 2003

Participants:

1. Mrs. Mwangala - Director of Budget
2. Mr. William Nance - USAID Consultant
3. Prof. Elizabeth Mumba - USAID Local Consultant

Agenda:

1. Introduction
2. Briefing on the meeting
3. Discussion
- 4.

Comments

The team briefed the Director of Budget that USAID was in the process of developing a new assistance strategy to Zambia in which it intended to provide sector support to education using a different approach through the Ministry of Finance. The Director of budget assured the team that the Ministry of Finance would disburse the funds to education but insisted that the team should see the Director of Economic & Technical Cooperation to provide detailed information.

Meeting with Mr. L. Lwanja, Chief Accountant, Ministry of Education

Date: 24th February 2003

Participants:

1. Prof. E. Mumba - USAID/Zambia Local Consultant
2. W. Nance - USAID Consultant
3. Mr. L.S. Lwanja - Chief Accountant, MOE

Agenda:

1. Introduction
2. Briefing
3. Discussion

Comments

The team briefed the meeting that USAID was in the process of developing a programme assistance strategy to support education in Zambia. The funds would come through the Ministry of Finance then to Ministry of Education. The Chief Accountant indicated that the Memorandum of Understanding should contain a clause to direct Ministry of Finance to disburse all the funds to Ministry of Education on a timely basis. Other wise he was agreeable with what was being proposed. He insisted that the team should brief the Permanent Secretary before the document is finalized.

Under BESSIP funds remain in foreign currency. The funds are utilized to purchase items using foreign currency. Local currency is used to purchase items that require local currency. Donors do still tract the dollar funds.

Meeting at UNICEF

Date: 24th February 2003

Participants:

- | | | |
|----|-----------------------|----------------------------------|
| 1. | Dr. Kent Noel | - USAID/Zambia Education Advisor |
| 2. | Dr. Stella Manda | - Head, Education Sector, UNICEF |
| 3. | Dr. Martin Schulman | - USAID Consultant |
| 4. | Prof. Elizabeth Mumba | - USAID Local Consultant |
| 5. | Ms. Miyanda Kwamba | - Project Officer, UNICEF |

Agenda:

1. Introduction
2. Briefing
3. Discussion

Comments

The team leader briefed the meeting on the objective of the meeting. Thereafter, introduced the form with the four USAID Intermediate Results, which guided the discussion. The Head of Education at UNICEF told the meeting the areas in which UNICEF participates in partnership with other donors. UNICEF can participate in School Health and Nutrition and can source cheaper de-worming drugs. UNICEF is ready to add value to what was already going on in order to ensure that learning was taking place in the classroom. UNICEF indicated that they were working with Examination Council on monitoring learning achievement. In EMIS UNICEF's focus would be on qualitative indicators and focus on school level on data reporting. UNICEF was in the process of developing multi-media communication strategy in which young people can participate.

UNICEF's view was that IRI broadcasts would strengthen community schools. UNICEF would participate in the scholarships for OVC's but focus on Grade 7 to Grade 8 in collaboration with FAWEZA, ZECAB and CAMEF. UNICEF was interested in strengthening Zonal Resource Centers by providing bicycles, data storage and capacity building. They have identified Zonal Resource centers as a focal point between the school and district.

The team leader informed the meeting that USAID was in the process of expanding its support in the areas in which it was already providing support such as IRI centers, training of teachers in these centers. USAID was moving towards supporting the pool budget.

Meeting with Karen Shelly and Chandra Steiner

Date: 25th February 2003.

Participants:

1. Karen Shelly - USAID HIV/AIDS Advisor
2. Chandra Steiner - USAID Health Advisor
3. Kent Noel - Team Leader, SO3 Consultant
4. Martin Schulman - USAID Consultant

Agenda:

1. Potential synergies between SOs 3, 7 & 9

Comments

Pointed out need and difficulty in getting hard indicators for behavior change. Also gaps in effectively dealing with issues of girl vulnerability – particularly from adult males, including some teachers.

Agreed that SO9 mechanism for providing cross cutting technical and other resources will be very useful.

Suggested SO 9 and 3 target teacher-training colleges for HIV/AIDS programs.

Agreed with most of ideas presented for synergy from the meeting with Chiefs of Party (see report of that meeting).

Meeting with I. Andre, Coordinator – Zambia Community Schools Secretariat

Date: 25th February 2003

Participants:

1. Mr. Irabishoheje Andre - ZCSS
2. Dr. Martin Schulman - USAID Consultant
3. Prof. Elizabeth Mumba - USAID Local Consultant

Agenda:

1. Introduction
2. Briefing
3. Discussion

Comment

The team leader briefed the meeting on the purpose of the meeting. Andre provided the background on how the Community School Secretariat was established in 1997 as an umbrella body for all organizations and churches. NGOs were conducting community schools in Zambia. The 1990 census revealed that there were as many as 600,000 children who were not in school. In 1997 there were 38 learning centers in the country, which increased to 1,335 in 2001.

Community schools receive grants from government. There is MoU with the Ministry of Education. There are 9 Focal Persons in the nine provinces. The 72 districts have also 9 District Focal Person.

The Secretariat has always had a Strategic Plan. In the current Strategic Plan the focus is on:

- Children's awareness of their rights and HIV/AIDS
 - Strengthening community ownership
 - Strengthening the administrative capacity
 - Provision of learning/teaching materials
 - Improving the quality of teaching through short courses for teachers and long-term training.
-
- 21% of the children in community schools are orphans. ZCSS uses the MOE structures, and CMSC programme benefits community schools.
 - SHN should be extended to community schools.
 - The training at Zonal Resource Centers should include teachers from community schools.

Issues

Implementation of HIV/AIDS message at school level is lacking. Need for training in HIV/AIDS messages so that teachers send the correct messages to children.

Meeting with health team and basic education team.

Date: 26th February 2003

Participants:

1. Kent Noel
2. Elizabeth Chisala
3. Winnie Chilala
4. William Nance
5. Martin Schulman
6. Robert Clay
7. Steve Hodgins
8. Helen Gunther
9. Bernard Zulu
10. Luckness Mwaka
11. Dyness Kasungani
12. Fred Mungandi
13. Chisala Mibengi

Agenda:

1. Synergies between SOs 3, 7 & 9
2. Potential common indicators and milestones

Comments

Among the idea discussed for potential new synergies in health, education and HIV/AIDS were the following:

- Advocacy for improved policies and actions (all SOs)
- Indicator – HIV/AIDS policy matrix
- Strengthen information systems to track HIV/AIDS (all SOs)
- Indicator – number of districts with information system tracking HIV/AIDS
- Potential common/overlapping indicators

(From brainstorming session with some SO 3 and SO 7 COPS)

- Basic Education will follow NPA format and strategy with GRZ begun by Health
- SO 9
- Male Involvement Project
- Use health project resources for messaging to school age populations and their communities
- Use health projects (such as ZUHP, “Choose Life” Magazine) to work with MOE
- Collaboration between MOE and MOH on:
 - Child health week activities

- Delivery of drugs to schools (SHN)
 - Combines MOH/MOE IEC plan
 - Harmonization of messages i.e. health topics for children and communities
- Use IRI and community for other health and HIV/AIDS messages
 - Use education zonal centers for health programs, networking, etc.
 - Combine SO teams
 - Combine Ministry action plans and implementation
 - Use SO 7/9 mechanisms to provide ARV to teachers/parents (?)
 - Millennium Challenge
 - SCH
 - Joint milestone in NPAs for SO 6 and SO 9, such as: Greater cooperation between Ministries to produce results in terms of:
 - Drug delivery to schools
 - Other output/result related to school health
 - District/community/school HIV/AIDS action plans
 - Developing a strategic plan for child health/SHN
- Year one – HIV/AIDS Impact Study completed
- Year three – Policies, regulations, and guidelines developed and coordinated for delivering multi-sector collaboration on HIV/AIDS, using both traditional and alternative systems (from MOE Strategic Plan).

Meeting with Cosmas Musumali – Chief of Party ZIHPSYS

Date: 26th February 2003

Participants:

1. C. Musumali - Chief of Party, ZIHPSYS
2. William B. Nance - USAID Consultant
3. Martin Schulman - USAID Consultant

Agenda:

1. ZIHPSYS
2. Policy Formulation at MOH
3. Potential Health and Education Synergies

Comments

Musumali believes important synergy and focus should be on local level, rather than national policies. He believes in community mobilization activities such as SALT Project (Supporting and Learning Teams), which helps communities mobilize existing resources to fight HIV/AIDS. He also believes in CSMC, IRI (particularly using community radio) should be expanded to include health works and issues. Believes teachers and educators should participate in formulating the yearly District Health Plan:

Suggested that the Central Board of Health model should not be adopted by MOE for its decentralization. Also suggested that provincial level administration is rather useless, if not dysfunctional, and efforts should be targeted to districts and communities.

Meeting with Dr. Lawrence Musonda, Director of Planning, Ministry of Education

Date: 27th February 2003

Participants:

1. Dr. L. Musonda - Director of Planning, MOE
2. Bill Nance - USAID Consultant
3. Dr. Kent Noel - Educational Advisor USAID/Zambia
4. Prof. E. Mumba - USAID Local Consultant
5. Dr. M. Schulman - USAID Consultant

Agenda:

1. Briefing on USAID Strategy
2. Review Potential Milestones
3. Other

Comments

Dr. Musonda was pleased with USAID approach and conformity of strategy to Ministry of Education Strategy.

Found budget support through MOF could work as long as USAID made it clear to Ministry of Finance that monies were for MOE.

Needed more time to review the proposed milestones? Discussed the possibility of using some work plan targets as milestones, once these targets are determined.

Agreed to host workshop on strategy on March 6, 2003.

Meeting with Executive Director, FAWEZA

Date: 3rd March 2003

Participants:

1. Mrs. Daphine Chimuka - Executive Director, FAWEZA
2. Mrs. Dorothy Kasanda - Programme Coordinator (Incoming), FAWEZA
3. Prof. Elizabeth Mumba - USAID Local Consultant

Agenda:

1. Introduction
2. Briefing
3. Discussion

Comments

The purpose of the meeting was to inform that USAID was developing its future strategy taking into account MOE Strategic Plan 2003 – 2007. Discussed the categories of scholarships FAWEZA was handling and the target group being Grades 10 – 12 (600) and tertiary education (8). Indicated that FAWEZA distributed scholarships based on the recommendations from schools and districts.

Issues Raised

- Although FAWEZA has been directed to offer scholarships only in provinces or areas where USAID was operating and where others are not operating the vulnerable groups of girls cuts across regions and whether urban or rural, there are as many vulnerable girls in urban areas as in rural areas.
- Need to increase the scholarships from 600 to 1000 (Grades 10 – 12) from 8 to 20 (University level)
- Need to intensify other activities such as career choices, HIV/AIDS, life skills,
- Other areas of activity to be included are:
 1. Remedial learning programs.
 2. Sports for girls (kits and equipment) in all schools, tournaments and trophies to be arranged.
 3. New areas of sports such as chess, basketball and baseball.
 4. Establishing computer laboratories in schools for girls to train in computer literacy.

Meeting with Ministry of Education Planning Directorate

Date: 6th March 2003

Participants:

- | | | |
|----|-----------------------|----------------------------|
| 1. | Dr. Kent Noel | - Education Advisor |
| 2. | Mr. William B. Nance | - USAID Consultant |
| 3. | Dr. Martin Schulman | - USAID Consultant |
| 4. | Prof. Elizabeth Mumba | - USAID Local Consultant |
| 5. | Ms. Winnie Chilala | - Education Specialist |
| 6. | Ms. Elizabeth Chisala | - Administrative Assistant |
| 7. | Mr. Chris Katundu | - Chief Planning Officer |
| 8. | Helen Gunther | - General Development |
| 9. | Bernard Zulu | - Financial Analyst, USAID |

Agenda:

1. Overview of AID assistance to MOE
2. SPA process
3. MOE Reaction to long list of milestones
4. MOE preliminary indicators for AWPB
5. Way forward – refinement of milestones (USAID/MOE)

Comments

The meeting started, as officers from the MOE did not come to the meeting except one. It was agreed that the meeting takes place. The presentation on the future USAID strategy focused on the Intermediates Results, the targets, activities and indicators. It was discussed that USAID would assist the MOE with decentralization especially focusing on DEB. It would also assist with the training of teachers using distance learning and other new technologies. The NPA was presented, as one-way USAID would participate in the SWA to funding the Ministry of Education, as was the case in MOH. The presentation outlined the procedure for releasing funds. It was discussed that indicators from NIF and Annual Work Plans would be used which would be reviewed annually. It was also discussed that it was better to use HIPIC indicators that the MOE was already working with. The MOE was agreeable to that proposal. As a way forward it was agreed that the MOE nominates an Officer who would work closely with USAID/Zambia staff to refine the milestones and refine the document further.

Issues Raised

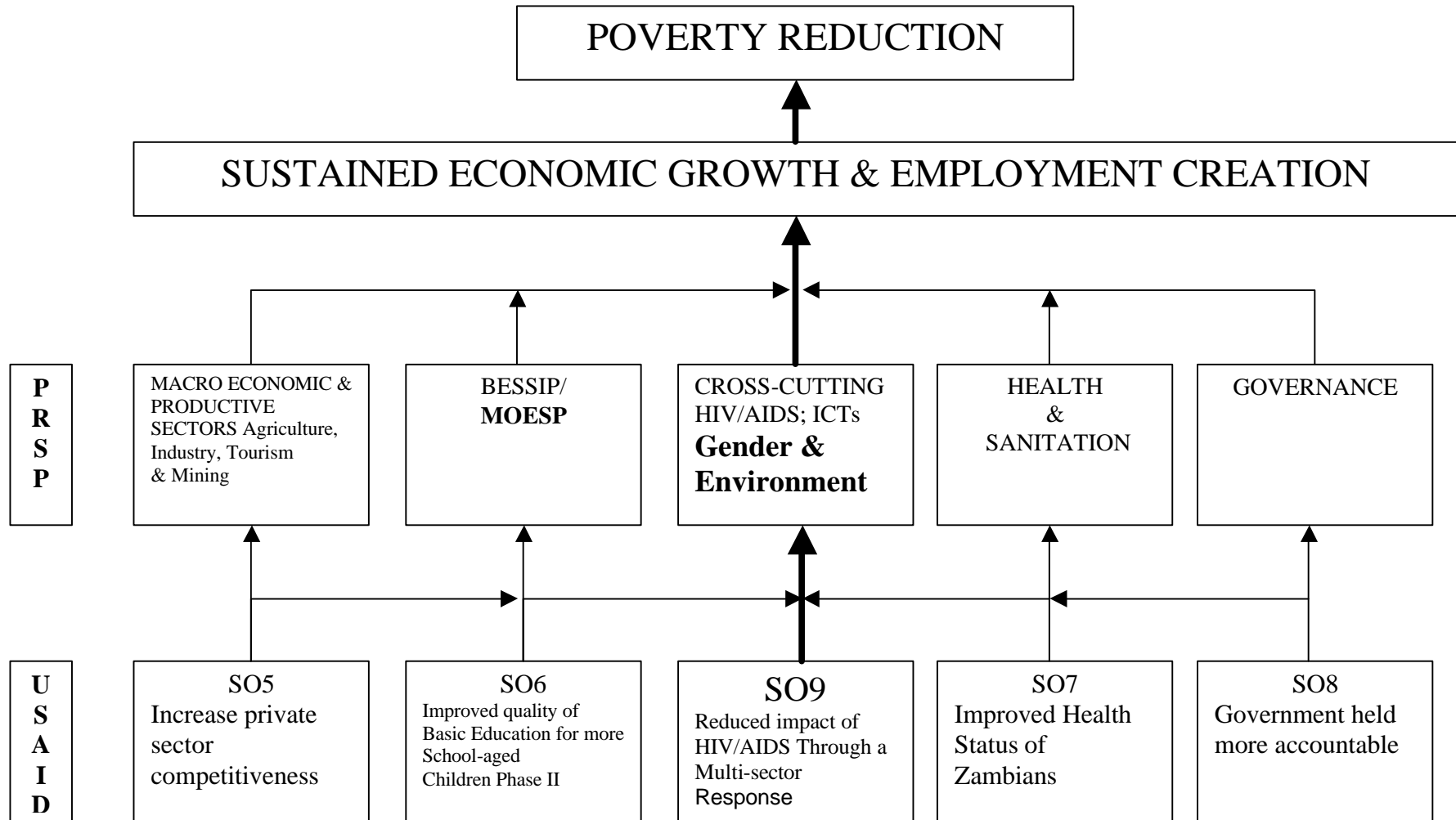
- Legality of Education Boards
- The conflicting data from the 2000 population census
- Mid-term evaluation of MOE SP and mid-term evaluation of USAID assistance
- It was agreed not to make hard and fast rules

- Evaluation of Sector Program while the mid-term evaluation of the Strategic Plan – may be this can be done jointly or indeed can take place at the same time.
- Census for 2000 figures is not yet out and so the targets may change.

USAID/GRZ STRATEGIC PLAN FOR BASIC EDUCATION

2004 - 2010

USAID CONTRIBUTION TO THE POVERTY REDUCTION STRATEGY



MOE GOALS AND PURPOSE

USAID EDUCATION CSP

GRZ /MOE GOAL	USAID/ZAMBIA GOAL
Increased skills for reduction & economic growth	Prosperity, hope and better health for Zambians
MOE PURPOSE	USAID STRATEGIC OBJECTIVE
Equitable access to relevant, quality education and training that incorporate HIV/AIDS interventions	Improved Quality of Basic Education Delivery Systems for More School-Aged Children (II)

USAID INTERMEDIATE RESULTS

MINISTRY OF EDUCATION TARGETS

IR 1.

Improved Quality of Basic Education Delivery Systems

MOE TARGET - QUALITY

- Develop the capacity of all basic education teachers by 2005 to implement the Basic Education Curriculum

MOE TARGET - HIV/AIDS

- Increase provision of relevant information on HIV/AIDS and the skills for preventing its transmission to all pupils and teachers by 2003
- Ensure that by 2004 every school develops and implements a plan for preventing HIV/AIDS transmission and mitigating its impact in the school community.
- Finalise school health and nutrition policies and plans by 2003 and implement in all schools by 2007

MOE TARGET -ACCESS AND EQUITY

- Increase net enrolment of all school-age children from 68.5% to 80% for Grades 1 – 7 and from 17.5% to 35% for Grades 8 – 9 by 2007.
- Increase progression rates from Grade 7 to Grade 8 from 49% to 61% by 2007, particularly for girls
- Establish by 2003 a mechanism for provision of quality basic education to out-of-school children, orphans and other vulnerable groups.

USAID INTERMEDIATE RESULTS

MINISTRY OF EDUCATION TARGETS

IR 2.

Improved Information for Efficient Resource Management

MOE TARGET – ADMINISTRATIVE SUPPORT AND SERVICES

- Establish by 2003 a mechanism for providing schools with staff replacements
- Prioritise capacity-building in education systems management and financial management by 2006
- Guide Education Boards, PTAs and communities to develop agreements by 2003 to ensure equitable and relevant community support for all basic schools

MOE TARGET – ACCESS

- Establish by 2007, literacy centers in all zones in collaboration with other line Ministries, NGOs, UNZA and communities (perhaps for programmes)

MOE TARGET – QUALITY

- Develop the capacity of all basic education teachers by 2005 to implement the Basic Education Curriculum Framework.

USAID INTERMEDIATE RESULTS

MINISTRY OF EDUCATION TARGETS

IR 3.

Strengthened Policy Implementation Through Improved Education Services

MOE TARGET – ADMINISTRATIVE SUPPORT SERVICES

- Establish by 2003 a mechanism for providing schools with immediate permanent or temporary staff replacements in response to cases of teacher deaths, sickness or training.
- Prioritise capacity-building in education systems management, development, planning, and financial management for all District Education Boards by 2006.
- Guide Education Boards, PTAs and communities to develop agreements by 2003 to ensure equitable and relevant community support to all basic schools

MOE TARGET – QUALITY

- Establish an efficient decentralised procurement/distribution system of relevant teaching/learning materials for basic schools to achieve a pupil-to-textbook ratio of 2:1 in all subjects for Grades 1 – 9 by 2007

MOE TARGET – HIV/AIDS

- Ensure that by 2004 every school develops and implements a plan for preventing HIV/AIDS transmission and mitigating its impact in the school community
- Increase provision of relevant information on HIV/AIDS and the skills for preventing its transmission to all pupils and teachers by 2003.

USAID INTERMEDIATE RESULTS

MINISTRY OF EDUCATION TARGETS

IR 4.

Mitigate the Impact of HIV/AIDS on the Education System

MOE TARGET – HIV/AIDS

- Increase provision of relevant information on HIV/AIDS and the skills for preventing its transmission to all pupils and teachers by 2003.
- Ensure that by 2004 every school develops and implements a plan for preventing HIV/AIDS transmission and mitigating its impact in the school community.
- Finalise school health and nutrition policies and plans by 2003 and implement in all schools by 2007

MOE TARGET – ACCESS AND EQUITY

- Establish by 2003 a mechanism for provision of quality basic education to out-of-school children, orphans and other vulnerable groups

MOE TARGET – ADMINISTRATIVE SUPPORT SERVICES

- Establish by 2003 a mechanism for providing schools with immediate permanent or temporary staff replacements in response to cases of teacher deaths, sickness or training.
- Prioritise capacity-building in education systems management, development planning and financial management for all District Education Boards by 2006

ZAMBIA’S EDUCATION SECTOR: LIMITATIONS AND ADVANTAGES

LIMITATION

- Zambia’s weak economy and widespread poverty
- Limited MOE financial resources
- Poor health. Child malnutrition and general ill health
- Demand for schooling far outstrips capacity
- The HIV/AIDS pandemic
- Poor educational performance
- Lack of comprehensive personnel policy
- Lack of materials

ADVANTAGES

- Zambia’s commitment to the PRSP
- GRZ ‘s commitment to restructuring the public service
- MOE’ s commitment to decentralization
- SP and NIF contain specific plans and time-table for implementation
- Successful implementation of BESSIP
- High level of collaboration between MOE and Cooperating partners.
- Success of USAID-sponsored pilot programs

SECTOR PROGRAM ASSISTANCE

Support for Ministry of Education Sector Plan

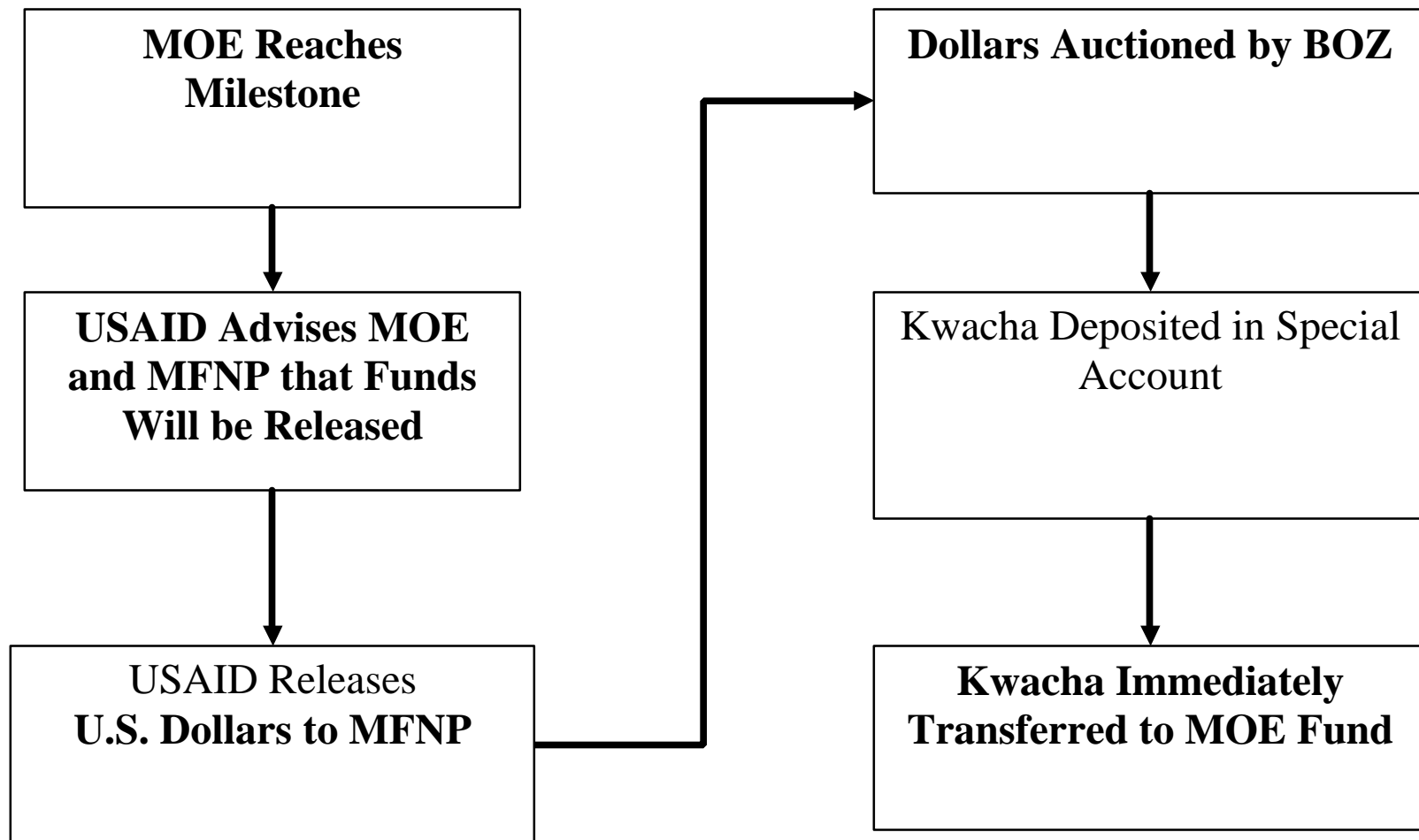
Additional USAID Support

- Sector Program Assistance Adds to Existing Funding
- Allows USAID to Join MOESP Funding Pool
- Supports GRZ Five-Year Strategy

How Will SPA Work?

- Funds Released When “Milestones” Reached
- Milestones Based on MOE Indicators for Basic Education, e.g., NIF, HIPC, AWPB
- Supports Only Indicators Established by GRZ

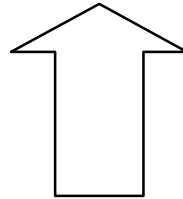
Funds Release Process



Expected Timeline

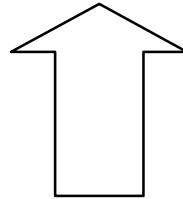
Agreement with MOE, RLA etc

Sept/Oct



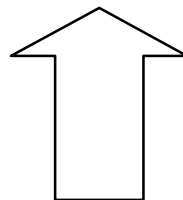
Expect Washington Approval by Mid Year

July/August



USAID Submits SPA in April as Key Component of New 7-Year Strategy

A



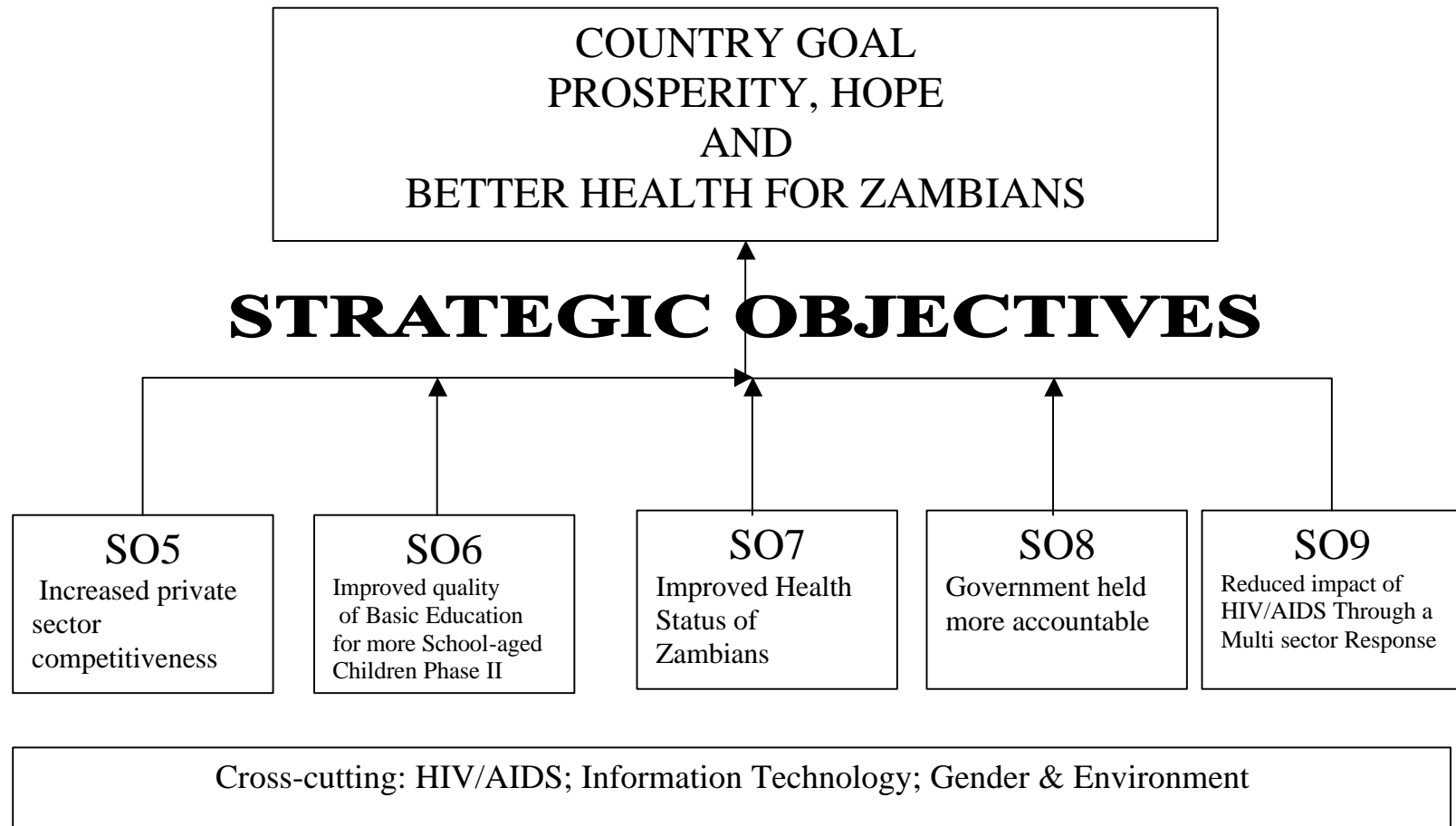
Discussion of Milestones/New Agreement With GRZ Begins Immediately

S

THE WAY FORWARD

- Need to Have Dialogue With MOE
- MOE & USAID Designate Focal Point
- Work With MOE to Develop Specific Agreed Milestones

USAID/ZAMBIA



Overall Indicators and Targets

5th grade math & reading skills at 50%
 90% of District Education Boards producing annual plans and
 procuring educational materials
 33% of school-age children reached by USAID programs

IMPROVED QUALITY OF BASIC EDUCATION FOR MORE SCHOOL-AGE CHILDREN (II)

Development Context

Limited budgetary resources
 HIV/AIDS pandemic
 Low math skill acquisition
 Low Grade 7 completion rates

**Framework of
PRSP/BESSIP/MOESP
MOE/Development Partner
Collaboration**

Risks

Diminished commitment of the GRZ towards PRSP
 Diminished levels of donor support
 Political instability

General information: All indicators are gender-disaggregated linked to SPA. Source of data is

**IR 6.1: Improved Quality
of Basic Education Delivery
Systems**

% of schools receiving interactive
radio instruction

 % of schools with SHN, HIV/AIDS
interventions

 Average grade five numeracy and
literacy scores

**IR 6.2: Improved
Information for Efficient
Resource Management**

-% of DEOs capable of providing
gender- disaggregated data for the
previous school year within three months
of the end of the academic year

 Annual yearly education statistical report
completed and disseminated by the end
of the same calendar year

 % of educational planners using EMIS to
justify annual plans and budgets

 ZDES conducted in 2007

**IR 6.3: Strengthened Policy
Implementation Through
Improved Education**

% of education budget managed at
district levels

 Key responsibilities such as
budgeting, planning and
procurement carried out at district
levels

 Functioning personnel policy for
HIV/AIDS (Year 3)

**IR 6.4: Mitigate the
Impact of HIV/AIDS on
the Education System**

% of community, district,
HIV/AIDS-related plans
implemented

 % of pupils and teachers with
access to anti-AIDS clubs, per
counseling programs and other
resources

 % of operating units participating
in "HIV/AIDS in the workplace
activities"

IL
L
U
S
T
R
A
T
I
V
E
I
N
D
I
C
A
T
O
R

HIV/AIDS PREVENTATION AND MITIGATION CROSS-CUTTING

IR 6.1: Improved Quality of Basic Education Delivery

Extend interventions to more grades and communities; expand reach of IRI, SHN, community mobilization, EMIS and HIV/AIDS

Improve teacher effectiveness through training

Improve measures of pupil performance

Build Capacity of CBOs/NGOs

Promote teaching in rural areas and for more female teachers

IR 6.2: Improved Information for Efficient Resource Management

Extension and improvement of gender-disaggregated information systems for provincial/district/school levels

Capacity-building for district education offices/boards, zonal resource centers, schools, and CBOs on data collection, management, analysis and use

ZDES survey

IR 6.3: Strengthened Policy Implementation Through Improved Education

USAID & other donor budgetary support for MOE

Capacity-building in planning, managing, procurement and other essential skills at all levels

Development & multi-use of zonal resource centers

Decentralization of key responsibilities and resources

Improvement of MOE & Education and Finance interface on financial management procedures
Training in country and external

IR 6.4: Mitigated Impact of HIV/AIDS on the Education System

Capacity-building for MOE, CBOs, zonal resource centers and communities to increase community support for girls, OVCs and HIV/AIDS education

HIV/AIDS materials for teachers & pupils for prevention and mitigation

HIV/AIDS in the workplace

District HIV/AIDS Information system

Increased collaboration between District-level health officers & educators in developing and implementing HIV/AIDS plans

Appendix 10. Working Paper Matrix of GRZ/MOE and USAID

USAID EDUCATION ICSP

GRZ/MOE GOAL	- Increased Skills for Poverty Reduction and Economic Growth.
USAID/ZAMBIA – GOAL	- Prosperity, Hope and Better Health for Zambians
MOE PURPOSE	- Equitable Access to Relevant Quality Education and Training that Incorporate HIV/AIDS’s Interventions
USAID STRATEGIC OBJECTIVE 6.1	- Improved Quality of Basic Education Delivery Systems For More School Aged Children (II)

USAID – IR 6.1 – IMPROVED QUALITY OF BASIC EDUCATION DELIVERY SYSTEMS	
BASELINE	MINISTRY OF EDUCATION TARGETS
	MOE TARGET - QUALITY <ul style="list-style-type: none"> • Develop the capacity of all basic education teachers by 2005 to implement the Basic Education Curriculum
	MOE TARGET - HIV/AIDS <ul style="list-style-type: none"> • Increase provision of relevant information on HIV/AIDS and the skills for preventing its transmission to reach all pupils and teachers by 2003 • Ensure that by 2004 every school develops and implements a plan for preventing HIV/AIDS transmission and mitigating its impact in the school community. • Finalise school health and nutrition school policies and plans by 2003 and implement in all schools by 2007.
	MOE TARGET -ACCESS AND EQUITY <ul style="list-style-type: none"> • Increase net enrolment of all school age children from 68.5% to 80% for Grades 1 – 7 and from 17.5% to 35% for Grades 8 – 9 by 2007. • Increase progression rates from Grade 7 to Grades 8 from 49% to 61% by 2007, particularly for girls • Establish by 2003 a mechanism for provision of quality basic education to out of school children, orphans and other vulnerable groups.

IR6.1

INDICATORS	POTENTIAL ACTIVITIES FOR USAID SUPPORT
	<ul style="list-style-type: none"> • Extend and expand current interventions (IRI, SHN, EMIS, HIV/AIDS, CSMC) • Improved IR broadcast quality and range through digital technologies. • Improved quality of teacher training through multimedia technology • Capacity-building of CBOs/NGOs in education to coordinate with GRZ, private sector and others • Scholarship program for OVCs, especially girls

IR6.2 – IMPROVED INFORMATION FOR EFFICIENT RESOURCE MANAGEMENT	
BASELINE	MINISTRY OF EDUCATION TARGETS
	<p>MOE TARGET – ADMINISTRATIVE SUPPORT AND SERVICES</p> <ul style="list-style-type: none"> • Establish by 2003 mechanism for providing schools with stark replacements • Prioritise capacity-building in education systems management and financial management by 2006 • Guide Education Boards, PTAs and communities to develop agreements by 2003 to ensure equitable and relevant community support to all basic schools
	<p>MOE TARGET – ACCESS</p> <ul style="list-style-type: none"> • Establish by 2007, literacy centres in all zones in collaboration with other line Ministries, NGOs, UNZA and communities (perharps for programmes).
	<p>MOE TARGET – QUALITY</p> <ul style="list-style-type: none"> • Develop the capacity of all basic education teachers by 2005 to implement the Basic Education Curriculum Framework.

IR6.2

INDICATORS	POTENTIAL ACTIVITIES FOR USAID SUPPORT
	<ul style="list-style-type: none"> • Information systems for provincial, district and school levels and CBO levels. • Capacity-building for district education offices and boards, Zonal Resource Centres and schools/centers and CBOs. • Training to plan, manage and account for education resources • Zonal Resource Center infrastructure development including buildings and Information and Communications Technologies (ICTs) • DHS Education Survey

IR6.3 STRENGTHENED POLICY IMPLEMENTATION THROUGH IMPROVED EDUCATION SERVICES	
BASELINE	MINISTRY OF EDUCATION TARGETS
	<p>MOE TARGET – ADMINISTRATIVE SUPPORT SERVICES</p> <ul style="list-style-type: none"> • Establish by 2003 a mechanism for providing schools with immediate permanent or temporary staff replacements in response to cases of teacher deaths, sickness or training. • Prioritise capacity-building in education systems management, development, planning, and financial management for all District Education Boards by 2006. • Guide Education Boards, PTAs and communities to develop agreements by 2003 to ensure equitable and relevant community support to all basic schools.
	<p>MOE TARGET – QUALITY</p> <ul style="list-style-type: none"> • Establish an efficient decentralised procurement/distribution system of relevant teaching/learning materials for basic schools to achieve a pupil textbook ratio of 2:1 in all subjects for Grades 1 – 9 by 2007.

1R6.3

	<p>MOE TARGET – HIV/AIDS</p> <ul style="list-style-type: none">• Ensure that by 2004 every school develops and implements a plan for preventing HIV/AIDS transmission and mitigating its impact in the school community• Increase provision of relevant information on HIV/AIDS and the skills for preventing its transmission to reach all pupils and teachers by 2003.
--	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

IR6.3

INDICATORS	POTENTIAL ACTIVITIES FOR USAID SUPPORT
	<ul style="list-style-type: none">• Budget support for education• Rationalisation and implementation of policy, regulations, and guidelines for alternative delivery systems with traditional ones, multi-sector collaboration, and personnel policy for HIV/AIDS.• Decentralisation of responsibilities and budgets• Greater efficiency in procurement, financial management and accounting, and personnel management.

IR6.4 – MITIGATE THE IMPACT OF HIV/AIDS ON THE EDUCATION SYSTEM	
BASELINE	MINISTRY OF EDUCATION TARGETS
	MOE TARGET – HIV/AIDS <ul style="list-style-type: none"> • Increase provision of relevant information on HIV/AIDS and the skills for preventing its transmission to reach all pupils and teachers by 2003. • Ensure that by 2004 every school develops and implements a plan for preventing HIV/AIDS transmission and mitigating its impact in the school community. • Finalise school health and nutrition school policies and plans by 2003 and implement in all schools by 2007
	MOE TARGET – ACCESS AND EQUITY <ul style="list-style-type: none"> • Establish by 2003 a mechanism for provision of quality basic education to out-of-school children, orphans and other vulnerable groups
	MOE TARGET – ADMINISTRATIVE SUPPORT SERVICES <ul style="list-style-type: none"> • Establish by 2003 a mechanism for providing schools with immediate permanent or temporary staff replacements in response to cases of teacher deaths, sickness or training. • Prioritise capacity building in education systems management, development planning and financial management for all District Education Boards by 2006

IR6.4

INDICATORS	POTENTIAL ACTIVITIES FOR USAID SUPPORT
	<ul style="list-style-type: none"> • Capacity building of MOE to get community support, especially for girls, OVCs and HIV/AIDS education • HIV/AIDS materials development for teachers and pupils for prevention/mitigation • HIV/AIDS in the workplace • District-level HIV/AIDS information systems • Impact surveys on HIV/AIDS and Life Skills activities • Training of resource center coordinators in use of ICT for HIV/AIDS mitigation

Appendix 11. Recent E-mail Guidance Regarding NPA/SPA

Hi Liz – Will you please forward this email to Kim Robinson's TDY account here on Monday, once it is established? Thanks. Kent

(Likando, Helen, and Barbara – For Your Information)

-----Original Message-----

From: Robinson, Kim

Sent: Friday, October 18, 2002 11:15 AM

To: Noel, Kent

Subject: FW: Draft Report regarding Zambia Education and NPA

Kent,

Hello. Can you please have this email sent to my TDY address in Zambia?

Thank you.

Kim

Kim L. Robinson
Regional Legal Advisor
USAID
Gaborone, Botswana
Tel: ++(267) 324-449 ext. 245
Fax: ++(267) 324-404
krobinson@usaid.gov

-----Original Message-----

From: Kleinjan, Mary Alice

Sent: Thursday, October 03, 2002 12:08 AM

To: Grimm, Curt; Komich, Carla; Kirby, Mitch; Noel, Kent

Cc: Robinson, Kim; Hagelman, CWT

Subject: FW: Draft Report regarding Zambia Education and NPA

This message both responds to the specific question asked below, and makes several other general comments on the draft report. It does not attempt to provide detailed comments on the draft. I do see several significant misunderstandings of sector program assistance (SPA) in it, and strongly urge the mission to work closely with the RLA.

1. Specific question. There is NOT a conflict between the Agency guidance (1996 SPA Policy Paper) and the Africa Bureau 1999 gloss on it. The inference of a conflict is based on a misreading of both documents. The 1999 Africa guidance states that "Local currencies generated by U.S. assistance will be tracked up to the point where they enter the budget for an agreed upon

use." This is a very general reference to the way that host-country owned local currency generations (HCOLC) are typically handled under SPA, which is the general sector support option. Under this option, HCOLC is tracked from the special account into the general budget and then into a broad sector line item. Under this option, USAID does not further track the HCOLC, since to do so would be projectizing it, which would trigger added planning and management responsibilities. The phrase in the Agency guidance "jointly programmed" does not require the HCOLC to be identified with detailed expenditures and USAID normally chooses not to do so for management reasons. Please discuss normal HCOLC programming guidance with the RLA.

2. Way to use HCOLC in a multi-donor basket. In limited circumstances, it may be possible to use HCOLC (NOT dollars) as part of a basket. I understand that this may be being done in Mozambique. The HCOLC would flow from the special account, through the basket, and the basket funds would then be tracked into the general and then down to the sector budget, or a broad line item thereof. A limitation is that the other donors' funds can not be "backed out" of the basket or assigned to/associated with specific projects or expenditures, since that would implicitly leave the USAID-generations as the sole funds for the remaining activities. The problem is that this would "projectize" the HCOLC, with the requirements for that specified in the Agency HCOLC guidance (PD 18).

General comments on the draft report

3. The most crucial aspect of SPA is that it must focus on the reforms (disbursement benchmarks) rather than on the flow of funds. The development purpose and impact must occur from the reforms; the use of the HCOLC generations, if any, is secondary. In contrast, the draft emphasizes the use of funds, particularly the LC.

4. Dollars. Dollar disbursements under SPA are generalized resources, not resources directed at the sector. To direct the dollars at the sector undermines the activity's character as program assistance and suggests that the dollars are projectized (ie normal source/origin and procurement rules apply.) Normally SPA programs request an exemption from any dollar tracking through the CN process - ie disburse into a country's general FX reserves.

5. The 1999 Africa supplementary guidance is a gloss on a few additional points, and is NOT a replacement for the Agency's 1999 Guidance. Perhaps the most important analytical work for a SPA program is a thorough analysis of the chosen sector (basic education here), and identification and rank ordering of the sector's major constraints. The reform actions (disbursement benchmarks) flow from and address these constraints. Hopefully the HG and all donors share and agree upon this analysis, and so agree on and share common disbursement benchmarks. It is also reasonable that this analysis has already been done elsewhere and so is simply referred to in our design document. However, the draft gives the impression of skipping over a sector analysis and identifying potential disbursement benchmarks because they are in a HG plan, without reference to identifying the sector's major constraints. The reader is left with the impression that major constraints may exist and are being ignored.

6. Please work early and closely with the RLA throughout the program development process. Thanks!

-----Original Message-----

From: Grimm, Curt
Sent: Wednesday, July 31, 2002 7:48 AM
To: Kleinjan, Mary Alice; Komich, Carla
Subject: FW: Draft Report regarding Zambia Education and NPA

Mary Alice -- Would you like to comment on the issue raised below? Curt

-----Original Message-----

From: Noel, Kent
Sent: Wednesday, July 31, 2002 4:34 AM
To: Negash, Kifle; Fernando, Nishana; Mukumbuta, Likando; Clay, Robert; Komich, Carla; Grimm, Curt; Kirby, Mitch; Kirby, Mitch (Nairobi); Ash Hartwell (E-mail); Chilala, Winnie; Chisala, Elizabeth; Fawcett, Amy; Gunther, Helen; Hodgins, Steve; Noel, Kent; Mukumbuta, Likando; Mungandi, Fred; Musonda, Kennedy; Mwaka, Luckness; SO2, TDY1; Strickland, Brad; Thomas, Megan
Subject: Draft Report regarding Zambia Education and NPA

Hello,

I've received a draft report from the NPA review team (part of our larger education sector review team with the NPA part headed by William Nance). I've attached a copy of the document for your review and comment.

I'm copying it to Ash because of his organization of the NPA session at the USAID Education conference in Ethiopia.

And the SO2 team members for their review and comment.

To Curt, Karla, and Mitch, I'm sharing it with you as a first draft. Our Mission hasn't reviewed or provided input into this version - but we welcome any preliminary comments you might have. You can pass it on to the rest of your NPA Task committee, as you think useful. **For the NPA Task Force, especially read and respond to the paragraphs on page 17 - it has to do with apparent conflict in guidance. See excerpt below. Your early response/guidance regarding the issue will be most appreciated:**

"Finally, while the Africa Bureau clearly reiterates that dollar disbursements must still be placed into separate accounts, and tracked to disbursement, the guidance includes a very important

change with respect to the way local currencies are handled. The Africa Bureau guidance advises that local currencies must be included as “part of the overall fiscal plan of the host government,” and must “*be tracked up to the point where they enter the budget for an agreed upon use.*” [emphasis added.] Therefore, a logical deduction based on this revision is that if the USAID Mission determines that the host government has the fiscal management capability to adequately account for its resources, if local currencies provided to a sector under an NPA program are a part of the government’s “on-budget” resources, and if these funds have been provided for agreed upon purposes, then USAID does not have to track the local currencies beyond the point that they enter into the host government’s budget. We should point out that this new guidance seems to be in conflict with Agency guidance (the 1996 Policy Paper) which reads in relevant part as follows:

“When a generalized resource transfer results in a tangible flow (generation) of local currency to the host government, or when the assistance agreement requires the host government to set aside local currency, that local currency is considered to be owned by the host country (HCOLC) and it must be deposited into a separate account. In those instances, the HCOLC must be programmed jointly with USAID and in a manner consistent with applicable foreign assistance appropriations legislation...”

The authors of the report believe USAID/Zambia will need to clarify whether there is, in fact, a conflict between Agency and Africa Bureau NPA guidance, and how any differences in application of NPA guidance would impact on the Mission’s programming options. For example, as was described in an earlier section of this study, the policy of the Government of Zambia is have all cooperating partners provide funds to a common fund that would be jointly programmed for specific development purposes. The question at the heart of the different language used in the Agency guidance and that used in the more recent Africa Bureau guidance is whether, and in what ways, USAID/Zambia can participate as a full partner in SWAP programs such as BESSIP. “



NPA STUDY-FINAL
REPORT-1-doc-r...

Appendix 12. Program-related Questions

Cooperating Partners

For Partners participating in the BESSIP Pool, what type of problems are you facing at different levels, particularly with respect to financial management and accountability?

For Partners not involved in the BESSIP Pool, what are the reasons for not participating?

For all Partners, what are your views regarding the feasibility of Program Assistance in the context of the Zambian situation?

Do you think USAID should participate in the Pool? Why, or why not?

Do you believe the MOE has the capacity to carry out the full range of financial tasks (preparation of internal budgets, required budget requests, financial statements, etc.)? How do they (will they) ensure that BESSIP funds are in place to support each year's annual plans? Does your organization have a role in this process? If so, what?

Is there a Special Account established for your BESSIP expenditures, or do your funds flow through the government regular budget accounts? If there is an account, how does it work?

What established information networks are there between the MOE and MFNP, between MOE and beneficiaries, between MOE and geographic regions covered by BESSIP?

How does GRZ (MOE or MFNP) account for funds from your organization? How often is this done, and at what point(s) during the funding year?

How does the GRZ (MOE or MOF) account for funds from your organization? How often is this done, and at what point(s) during the funding year?

Government Ministries/Departments and World Bank

What is government policy regarding the various forms of assistance (e.g., sector investment programs/SWApS, project support, budget support, TA)?

What is your understanding of Cooperating Partners' experience with SWApS, in general, and with BESSIP in particular?

How do you feel about program assistance as opposed to project assistance in terms of its usefulness in helping meet Government funding requirements? Is there a management difference in coordinating the two types of funding? If so, how would you characterize it?

How are BESSIP funds managed within Government? What is relationship between the MOE and the MFNP? At the various levels (national, provincial, district) and is within the MOE?

What are the established information networks that exist between the MOE and MFNP? Between the MOE and beneficiaries, between MOE and geographic regions covered by BESSIP?

Do you think USAID should provide program assistance in support of BESSIP? If so, why? If not, why not?

What is your thinking about the effectiveness of “Special Accounts” of Cooperating Partners funds, as opposed to unrestricted budget support? Is there an advantage to MOE in having either type of funding for BESSIP? If so, what are those advantages?

Appendix 13. Existing and Potential Synergies Between SO 9 and SO6
(From USAID/AID Concept Paper)

Potential Common/Overlapping Activities and Indicators

From IR 6.1

Extend and expand current interventions (IRI, SHN, HIV/AIDS, EMIS, CSMC)

Indicator - # of schools delivering SHN interventions

From IR 6.4

Capacity-building of MOE to get community support, especially for HIV/AIDS education

Indicator - # of community HIV/AIDS plans implemented

HIV/AIDS materials development for teacher and pupils for prevention/mitigations

Indicator - # of pupils with access to anti-AIDS clubs and resources

HIV/AIDS in workplace

Indicator - - # of personnel participating in HIV/AIDS in the workplace

District-level HIV/AIDS information system

Training of resource center coordinators on ICT and multi-media for HIV/AIDS mitigation

Indicator - # of coordinators trained

Impact surveys on HIV/AIDS and life skills activity

From IR 7.1

Support neighborhood Health Committees through distance education and other means (is there synergy with SMSC?)

Empower and strengthen community action for problem-solving in health (SMSC?)

From IR 9.1

Increase knowledge and behavioral change, especially among the youth (all SOs)

Indicator - # of youth with knowledge of HIV/AIDS prevention

Support the development of HIV/AIDS multi-media content and training (SO 6 and 7)

Indicator – as above

Support improved HIV/AIDS materials and methodologies for teachers and pupils (SO6)

Indicator – as above

From IR 9.3

Support OVCs (SO9)

Indicator – number of OVCs receiving community support services

Support selected high-risk groups (SO 7 and 9) (Can we include teachers?)

Indicator- # of vulnerable groups receiving food aid

From IR 9.4

Advocacy for improved policies and actions (all SOs)

Indicator – HIV/AIDS policy matrix

Strengthen information systems to track HIV/AIDS (all SOs)

Indicator - # of districts with information system tracking HIV/AIDS

Potential Common/Overlapping Indicators

(From brainstorming session with some SO 3 and SO 7 COPS)

- Basic Ed. will follow NPA format and strategy with GRZ begun by Health
- SO 9
- Male Involvement Project
- Use Health project resources for messaging to school-age populations and their communities.
- Use health projects (such as ZIHP, “Choose Life” Magazine) to work with MoE
- Collaboration between MoE and MoH on:
 - Child health week activities
 - Delivery of drugs to schools (SHN)
 - Combine MoH/MoE IEC plan
 - Harmonization of messages re. Health topics for children and communities
- Use IRI and community for other health and HIV/AIDS messages
- Use education zonal centers for health programs, networking, etc.
 - Combine SO teams
 - Combine Ministry action plans and implementation
- Use SO 7/9 mechanisms to provide ARV to teachers/ parents
 - Millennium Challenge
 - SCH

- Joint milestone in NPAs for SO 6 and SO 9, such as:
 - Greater cooperation between Ministries to produce results in terms of
 - Drug delivery to schools
 - Other output/result related to school health
 - District/community/school HIV/AIDS action plans
 - Developing a strategic plan for child health/SHN

Potential Common Milestones

Year One

- HIV/AIDS Impact Study completed

Year Three

- *Policies, regulations, and guidelines developed and coordinated for delivering multi-sector collaboration on HIV/AIDS, using both traditional and alternative systems (from MOE Strategic Plan)*

Appendix 14. HIPC Triggers

Progress on the Implementation of HIPC Triggers

HIPC Triggers	Status or Comments at end-December 2002
Poverty Reduction The adoption of a PRSP with implementation and monitoring for at least one year.	PRSP was approved by Cabinet and subsequently endorsed by the Bretton Wood institutions in May 2002. It was officially launched in July 2002. Implementation started with the 2002 budget including PRP programmes. About 2.2 percent of the 2002 budget was targeted to PRP activities
Progress in Combating HIV/AIDS Full staffing of secretariat for National HIV/AIDS/TB Council. Integration of HIV/AIDS awareness and prevention programs in the pre-service and in-service programs of at least 10 key ministries.	All positions filled. HIV/AIDS awareness and prevention programmes in their pre-service and in-service training programmes integrated.
Progress in Education Sector Reform Increasing the share of education in the domestic discretionary budget from 18.5 percent in 1999 to at least 20.5 percent. Raising the starting compensation of teachers in rural areas. Formulating an action plan for increasing student retention.	The percentage shares of Education in the Domestic Discretionary Budget rose to 20.8 percent from 18.5 percent in 1999. 80 percent salary increase to Primary School teachers raising average salary (pre-tax). A salary-related rural hardship allowance of 20 percent of basic salary is in place. A strategic plan in place.
Progress in Health Sector Reforms Implementation and scaling-up of an action plan for malaria. Procedures and mechanisms for the procurement of drugs reorganized to be fully transparent and efficient.	Implementation of the themes begun. The roles of the Ministry of Health and Central Board of Health procurement Units have been reviewed. A procurement procedures manual prepared in

<p>Timely release of complete, detailed, annual health expenditure data.</p> <p>Actual cash release to District Health Management Boards to be at least 90 percent of the amount budgeted.</p>	<p>collaboration with Co-operating Partners has been finalized.</p> <p>Preparations of annual and quarterly reports.</p> <p>A considerable increase in GRZ grants (average percentage of actual versus budgeted figures) to District Health Boards from 66 percent to 84 percent in 2002.</p>
<p>Macroeconomic and Structural Reforms</p> <p>Maintenance of a stable macroeconomic environment.</p> <p>Implementation of an Integrated Financial Management Information System (IFMIS) on a pilot basis.</p> <p>Implementation of a Medium Term Expenditure Framework (MTEF) prepared by MOFNP and approved by Cabinet.</p>	<p>PRGF arrangement is on track.</p> <p>The IFMIS project team commenced with a short-term consultant and a Senior Accountant from MOFNP.</p> <p>A Budget Framework Paper for 2003 has been prepared. The Budget Framework is a sound basis for the introduction of the MTEF in 2004.</p>
<p>Restructuring and issuance of international bidding documents for the sale of a majority (controlling) interest in ZESCO.</p> <p>Issuance of international bidding documents for the sale of a majority (controlling) interest in the Zambia National Commercial Bank ZNCB).</p>	<p>With regard to ZESCO, 15 expressions of interest were received. Detailed terms of reference for engaging transaction advisors were submitted to World Bank for a no objection in July 2002. Agreed mode of sale was by concessioning.</p> <p>The ZPA advertised the sell of 51 percent GRZ shares on 18th May 2002.</p>
<p>Improvement of the Poverty Database and Monitoring Capacity</p> <p>Annual reports on poverty and social conditions prepared and disseminated by the Living Conditions Monitoring Unit of the CSO; Establishment/formalization of the Strategic and Operational Planning Unit under MOFNP.</p>	<p>An Annual Poverty Review Conference was held in March 2002. In addition, fieldwork for the Living Conditions Monitoring Survey (LCMS) started on November 16, 2002. Planning and Economic Management Department is in place and SOPS falls under this department in the Ministry of Finance and National Planning.</p>

Other	
Satisfactory financing assurances from Zambia's external creditors.	As per 2002 Consultative Group (CG) meeting financing assurances were made.
Concurrence of the Boards of the World Bank and the Fund (IMF) with the joint staff's assessment that the PRSP provides a sound basis for the Bank and Fund concessional assistance.	The Bank and the Fund have endorsed the PRSP.

Source: GRZ, Ministry of Finance and National Planning, Economic Report 2002, page 46-47

Appendix 15. Milestones – Initial Three Years

USAID/ZAMBIA EDUCATION SECTOR PROGRAM ASSISTANCE MILESTONE TIMELINE: INITIAL THREE-YEAR PERIOD

GRZ/MOE & USAID EDUCATION SECTOR PROGRAM OBJECTIVES	CURRENT STATUS	YEAR 1	YEAR 2	YEAR 3
		<i>Illustrative Performance Milestones</i>	<i>Illustrative Performance Milestones</i>	<i>Illustrative performance Milestones</i>
1. PROVIDE QUALITY BASIC EDUCATION FOR MORE SCHOOL AGED CHILDREN, INCLUDING THOSE OUT-OF-SCHOOL, ORPHANS AND OTHER VULNERABLE CHILDREN	<ul style="list-style-type: none"> • IRI included in MOE SP & NIF • 22 centers in '00, 252 in '01, and 369 in '02 • 700 30-minute IRI lessons developed for grades 1-4 • 33.2% and 34.3% national rates of achievement for English and Math –Grade 5 • Curriculum ref. testing used by Examinations Council 	1.1.1 BESSIP Evaluation completed 1.1.2 Policy and plans to provide quality education to OCV developed and integrated into annual sector plans and budgets 1.1.3 Strategies developed for expanded delivery of education through education broadcasting	1.2.1 Strategies and plans developed for improved quality of teacher training through multimedia technology 1.2.2 Strategies developed and implemented for inclusion of orphans and vulnerable children 1.2.3 Relevant staff trained in management of distance education programs 1.2.4 Strategies and plans implemented for expanded delivery of education through broadcasting	1.3.1 Capacity developed to produce multi-media teacher training programs 1.3.2 Improve the learning achievement levels in Grade 5 in literacy and numeracy 1.3.3 Monitoring and assessment resources in place to measure teaching in community schools, interactive radio centers, and open learning centers 1.3.4 IT capacity and methodologies for distance learning developed
2. MITIGATE IMPACT OF HIV/AIDS IMPACT ON EDUCATION	<ul style="list-style-type: none"> • National HIV/AIDS policy adopted by GRZ 	2.1.1 HIV/AIDS Impact Study completed 2.1.2 MOE policy on HIV/AIDS developed, approved and integrated into NIF and AWBP 2.1.3 Increased provision of relevant information on HIV/AIDS and skills for preventing its transmission to reach all pupils and teachers	2.2.1 Plans developed and implemented in every school to prevent HIV/AIDS transmission and mitigate its impact in the school community 2.2.2 Sensitize schools and local communities on care, causes, and prevention of HIV/AIDS 2.2.3 Strategies and plans developed to mitigate problems due to school staff replacements caused by sickness, training or death	2.3.1 Policies, regulations, and guidelines developed and coordinated for delivering multi-sector collaboration on HIV/AIDS, using both traditional and alternative systems 2.3.2 Develop and implement HIV/AIDS work place policy 2.3.3 Mechanism operational for school staff replacements caused by sickness, training or death
3. DEVELOP AND IMPLEMENT POLICIES, PLANS AND PROGRAMS FOR SCHOOL HEALTH AND NUTRITION	<ul style="list-style-type: none"> ♦ SHN intervention successful in ___ schools in Eastern Province ♦ Improving health of ___children 	3.1.1 Strategy developed for implementation of School Health and Nutrition program	3.2.1 Expansion of de-worming and micro-nutrient additional schools	3.3.1 School health and nutrition school policies and plans implemented in additional schools 3.3.2 Expansion of de-worming and micro-nutrient additional schools

GRZ/MOE & USAID EDUCATION SECTOR PROGRAM OBJECTIVES	CURRENT STATUS	YEAR 1	YEAR 2	YEAR 3
4. IMPROVE INFORMATION FOR EFFICIENT RESOURCE MANAGEMENT	◆ Nationwide, decentralized EMIS in MOE SP and NIF	4.1.1 Plan developed for phasing in EMIS to the provincial and district levels 4.1.2 Adequate EMIS staff in place in Eastern & Southern Provinces 4.1.3 Analytical Skills Training completed for Eastern/Southern Provinces 4.1.4 Zonal Resources Centers established	4.2.1 EMIS extended to provincial and district levels 4.2.2 Adequate EMIS staff with appropriate skills in place at provincial and district levels 4.2.3 Analytical skills training for planners completed in other provinces and districts	4.3.1 Expand the number of zonal resources 4.3.2 Implement other interventions, including school feeding program, for pupils with nutrition supplementation where necessary
		<i>Illustrative Performance Milestones</i>	<i>Illustrative Performance Milestones</i>	<i>Illustrative performance Milestones</i>
5. IMPROVE FINANCIAL AND HUMAN RESOURCES MANAGEMENT	◆ Restructuring Plan underway ◆ Decentralization underway ◆ Improved financial management and procurement in SP and NIF Guidelines developed for all levels of restructuring plan	5.1.1 Develop and implement guidelines for DEBs 5.1.2 Build capacity of accounts section at HQ to ensure regular and prompt disbursement of funds to DEBs 5.1.3 Mechanism in place to ensure continuation of school grants	5.2.1 Agreements and social contracts developed for community support and monitoring of grants to schools 5.2.2 Review, revise and implement financial management, accounting and reporting systems and procedures at all levels 5.2.3 Implement decentralized financial management and accounting systems and control mechanisms 5.2.4 Expanded number of DEBs with adequate trained staff to ensure prompt disbursement and reporting	5.3.1 Capacity-building programs developed and prioritized in areas of systems management, development planning, and financial management for all DEBs 5.3.2 Increased efficiency in procurement, financial management and accounting, and personnel management
<i>Means of verification/indicators</i>	Baseline established, based on CY 2002 data	◆ Increase in # of children benefiting from IRI programming (1) ◆ Develop/disseminate relevant info on HIV/AIDS to all basic education teachers and pupils (2) ◆ SHN-focused management system in place and tested (3) ◆ System in place providing regular and sufficient quarterly disbursements to DEBs, in accordance with AWPB (5)	• Increase in # of teachers trained through use of technology (1) • Policy on replacement teachers developed, approved and pilot tested in X# districts/schools (2) • Completed DHS Education Survey (4) • Adequate EMIS staff in place in all MOE offices (4) • Adequate system in place to track, account and report BESSIP resources throughout cycle, from allocation through expenditure, reflected in quarterly reporting (5)	• Impact surveys completed on HIV/AIDS and Life Skills activities • Annual MOE expenditures for basic Ed. Of at least xx% of total GRZ actual domestically financed discretionary expenditures (4) • IFMIS operational and being used by BESSIP to track and manage resources (4) Assessment: Review progress of PA as part of MOE Mid-Term Review. Revise milestones; refocus assistance if necessary.

Milestones – Year Four Through Year Seven

USAID/ZAMBIA

EDUCATION SECTOR PROGRAM ASSISTANCE

MILESTONE TIMELINE: OUT YEARS – YEARS 4 THROUGH 7

GRZ/MOE & USAID EDUCATION SECTOR PROGRAM OBJECTIVES	CURRENT STATUS	YEAR 4	YEAR 5	YEAR 6	YEAR 7
		<i>Illustrative Performance Milestones</i>	<i>Illustrative Performance Milestones</i>	<i>Illustrative performance Milestones</i>	
1. PROVIDE QUALITY BASIC EDUCATION FOR MORE SCHOOL AGED CHILDREN, INCLUDING THOSE OUT- OF-SCHOOL, ORPHANS AND OTHER VULNERABLE CHILDREN	<ul style="list-style-type: none"> • IRI included in MOE SP & NIF • 22 centers in '00, 252 in '01, and 369 in '02 • 700 30-minute IRI lessons developed for grades 1-4 • 33.2% and 34.3% national rates of achievement for English and Math –Grade 5 • Curriculum ref. testing used by Examinations Council 	1.4.1 Develop delivery system for multi-media teacher training 1.4.2 Improved quality of teacher training through multi-media technology	1.5.1 Implement delivery system for multi-media teacher training 1.5.2 Improve the learning achievement levels in Grade 5 in literacy and numeracy		1.7.1 Improve the learning achievement levels in Grade 5 in literacy and numeracy
2. MITIGATE IMPACT OF HIV/AIDS IMPACT ON EDUCATION	<ul style="list-style-type: none"> • National HIV/AIDS policy adopted by GRZ 	2.4.1 Expanded use of Zonal Centers 2.4.2 Mechanism operational for school staff replacements caused by sickness, training or death 2.4.3 Implement HIV/AIDS work place policy	2.5.1 Plans developed and implemented in every school to prevent HIV/AIDS transmission and mitigate its impact in the school community		
3. DEVELOP AND IMPLEMENT POLICIES, PLANS AND PROGRAMS FOR SCHOOL HEALTH AND NUTRITION	<ul style="list-style-type: none"> ♦ SHN intervention successful in ____ schools in Eastern Province ♦ Improving health of ____ children 	3.4.1 Expansion of de-worming and micro-nutrient additional schools	3.5.1 Expansion of de-worming and micro-nutrient additional schools	3.6.1 Expansion of de-worming and micro-nutrient additional schools	3.7.1 Expansion of de-worming and micro-nutrient additional schools; MOE and MOH working collaboratively to extend/maintain program
4. IMPROVE INFORMATION FOR EFFICIENT RESOURCE MANAGEMENT	<ul style="list-style-type: none"> ♦ Nationwide, decentralized EMIS in MOE SP and NIF 	4.4.1 Expand the number of zonal resources 4.4.2	4.5.1 Expand the number of zonal resources 4.5.2 Plans and strategy to expand EMIS use at school level	4.6.1 Expand the number of zonal resources	4.7.1 Expand number of zonal resources in collaboration with other line ministries, NGO's, UNZA and communities 4.7.2 EMIS correctly used at

GRZ/MOE & USAID EDUCATION SECTOR PROGRAM OBJECTIVES	CURRENT STATUS	YEAR 4	YEAR 5	YEAR 6	school level
					YEAR 7
		<i>Illustrative Performance Milestones</i>	<i>Illustrative Performance Milestones</i>	<i>Illustrative performance Milestones</i>	
5. IMPROVE FINANCIAL AND HUMAN RESOURCES MANAGEMENT	<ul style="list-style-type: none"> ◆ Restructuring Plan underway ◆ Decentralization underway ◆ Improved financial management and procurement in SP and NIF Guidelines developed for all levels of restructuring plan 	5.1.4 Develop and implement guidelines for DEBs 5.1.5 Build capacity of accounts section at HQ to ensure regular and prompt disbursement of funds to DEBs 5.1.6 Mechanism in place to ensure continuation of school grants 5.1.7 Increased efficiency in procurement, financial management and accounting, personnel management	5.2.5 Agreements and social contracts developed for community support and monitoring of grants to schools 5.2.6 Review, revise and implement financial management, accounting and reporting systems and procedures at all levels 5.2.7 Implement decentralized financial management and accounting systems and control mechanisms 5.2.8 Expanded number of DEBs with adequate trained staff to ensure prompt disbursement and reporting	5.3.3 Capacity-building programs developed and prioritized in areas of systems management, development planning, and financial management for all DEBs	5.3.4 Increased efficiency in procurement, financial management and accounting, and personnel management
<i>Means of verification/indicators</i>	Baseline established, based on CY 2002 data	<ul style="list-style-type: none"> ◆ Increase in # of teachers receiving teacher training through multi-media technology (1) ◆ Number of school teacher vacancies decline over previous year (2) ◆ Knowledge of HIV/AIDS integrated into work place practices (2) ◆ Number of children taking de-worming medicine and micro-nutrients increased above previous year (3) ◆ DEBs receiving increasing levels of funding, above previous year; accounting for funds to DESO and Planning Directorate with increased accuracy and timeliness 	<ul style="list-style-type: none"> • Achievement levels in Grade 5 in literacy and numeracy higher than last testing period (1) • Every school has in place and actively pursuing plan to prevent HIV/AIDS transmission (2) ◆ Number of children taking de-worming medicine and micro-nutrients increased above previous year (3) • Financial management and accounting systems and control mechanisms in place and being used effectively in DEBs and DESOs (5) 	<ul style="list-style-type: none"> • Accounting personnel in DEBs and DESOs collecting and inputting financial data into IFMIS to track and manage resources (5) 	<ul style="list-style-type: none"> ◆ Achievement levels in Grade 5 in literacy and numeracy higher than last testing period (1) ◆ Number of children taking de-worming medicine and micro-nutrients increased above previous year (3) ◆ Multi-sectoral collaboration making use of zonal resources and involving a number of community groups

Appendix 16. Funding Scenarios – Each Milestone

MILESTONES FOR EDUCATION SECTOR PROGRAM ASSISTANCE

Year	Milestone	Illustrative Release
1	<p>Performance Area One: Quality Basic Education for More School-Aged Children</p> <p>Milestone 1.1.1 BESSIP evaluation Completed</p> <p>Rationale: Provides current baseline information on the status of implementation of MOE's basic education efforts to date. This will assist in documenting progress over the life of the MOESP</p> <p>Means of Verification: Submit to USAID, both in hard copy and electronic form, copies of the completed BESSIP Evaluation report</p>	\$200,000
1	<p>Performance Area Two: Mitigating the Impact of HIV/AIDS on Education</p> <p>Milestone 2.1.1. Assessment of the Impact of HIV/AIDS on the Education System</p> <p>Rationale: Provides current baseline information on the extent of the disease and document the effect it is having on teaching professionals, class attendance, learning environment, quality of learning</p> <p>Means of Verification: Submit to USAID, both in hard copy and electronic form, copies of the completed Assessment report</p>	\$300,000

Year	Milestone	Illustrative Release
1	<p>Performance Area One: Quality Basic Education for More School-Aged Children</p> <p>Milestone 1.2.0 Increase GRZ share of education in the domestic discretionary budget to at least 20.5 percent</p> <p>Rationale: This milestone is also a HIPC Trigger that is also covered by the EC under its budgetary support (counter-value funding) for support of GRZ expenditures, including education. Obtaining this milestone will help to assure that MOE has the resources needed to finance its 2003 AWPB, and basic education which is an important part of the AWPB.</p> <p>Means of Verification: Quarterly reporting from MOESP to the SPCC and the JSC. Also, evidence that MFNP has made actual cash releases to MOE that add to at target figure.</p>	\$500,000

Note: The tentative funding level for the first year of USAID/Zambia's Education Sector Program Assistance is \$500,000. Therefore, first-year releases would be EITHER against Milestones 1.1.1 and 2.1.1 OR the release against the HIPC trigger (which is not on the initial long list of Milestones – Annex B), which would substitute for Milestone 1.1.1.

Year	Milestone	Illustrative Release
2	<p>Performance Area Two: Mitigating the Impact of HIV/AIDS on Education</p> <p>Milestone 2.2.1 Plans developed and implemented in every school to prevent HIV/AIDS transmission and mitigate its impact in the school community</p> <p>Rationale: Documents current District-level baseline information on the extent of the disease and the measures taken at the district level and below to prevent/mitigate its impact</p> <p>Means of Verification: Quarterly SPCC reports, Annual Progress Reports, and Annual District AWPB.</p>	\$500,000
2	<p>Performance Area Three: Develop and Implement Policies, Plans and Program for School Health and Nutrition</p> <p>Milestone 3.2.1 Provide support for implementing SHN strategy by facilitating procurement of drugs (to be provided from other funding) and distribution through the school system.</p> <p>Rationale: Support the expansion of de-worming and micro-nutrients in additional schools. Could improve synergies between MOE, MOH and communities.</p> <p>Means of Verification: Evidence provided to USAID through MOESP quarterly reports and SHN project of increasing number of children receiving micro-nutrients and de-worming drugs.</p>	\$200,000

Year	Milestone	Illustrative Release
2	<p>Performance Area One: Quality Basic Education for More School-Aged Children</p> <p>Milestone 1.2.1 Strategies and plans implemented for expanded delivery of education through broadcasting</p> <p>Rationale: Increased number of children benefiting from IRI programming as a result of GRZ policy commitment to expand use of this technology.</p> <p>Means of Verification: Data received by USAID from implementing partners and GRZ reporting on support provided to IRI Centers, including increase in the hours of broadcast and expanding materials development and use.</p>	\$500,000
2	<p>Performance Area Four: Improved Information for Efficient Resource Management</p> <p>Milestone 4.2.1 EMIS extended to more provincial and district levels</p> <p>Rationale: A robust and reliable information system is key to MOE's ability to plan adequately for education delivery, track enrollment and progression rates, and monitors its resources. EMIS provides such a mechanism, broad expansion requires resources additional to those provided as project assistance.</p> <p>Means of Verification: MOESP quarterly reports and/or annual progress reports showing resources and outcomes provided in support of EMIS expansion to the district and provincial levels, staff training, coupled with reports from USAID, EMIS, and implementing partners.</p>	\$300,000

Year	Milestone	Illustrative Release
3	<p>Performance Area One: Quality Basic Education for More School-Aged Children</p> <p>Milestone 1.3.1 Improve the learning achievement levels in Grade 5 literacy and numeracy</p> <p>Rationale: Grade 5 National Assessment Survey is an important benchmark of pupil achievement. Results of this testing will give an indication of whether the basic education interventions are having a positive effect on learning achievement and education quality.</p> <p>Means of Verification: Most recent Grade 5 NAS results as compared to previous survey results, provided to USAID.</p>	\$1,000,000
3	<p>Performance Area Two: Mitigating the impact of HIV/AIDS on Education</p> <p>Milestone 2.3.3 Strategies operational for school staff replacements caused by sickness, training or death</p> <p>Rationale: Provides details of strategies such as incentive packages, recruitment practices, retention policies, insurance schemes that will assure some level of coverage coupled with stability/constancy in the teaching staff and use of alternative education delivery system (e.g., IRI supplementation), and/or education management/administrative staff such that schools are able to continue providing quality education, despite the devastating impact of HIV/AIDS and other debilitating diseases.</p> <p>Means of Verification: Details of GRZ recruitment/retention mechanism in form and substance such that USAID has reasonable assurance of its effective implementation capability. In additions, USAID will provide continuing scrutiny of the MOE AWPB through planning and quarterly/annual progress reports.</p>	\$300,000

Year	Milestone	Illustrative Release
3	<p>Performance Area Five: Improved Financial and Human Resources Management</p> <p>Milestone 5.3.1 Capacity-building programs developed and prioritized in areas of systems management, development planning, and financial management for all District Education Boards.</p> <p>Rationale: A key component in realizing effective decentralization of education delivery is whether there are concrete programs in place to increase the capacity within the DEBs to provide adequate accountability of funds received.</p> <p>Means of Verification: Reports provided in form and substance acceptable to USAID demonstrating that training programs have been developed and specific arrangements are in place for providing the critical skills required by DEB staff to provide planning, financial management, accountability for available resources.</p>	\$1,000,000

Milestone Numbering Legend

First Digit: Performance Area
Second Digit: Year of Implementation
Third Digit: Number of Milestone By Performance Area

Appendix 17. SOW for Ministry of Education Pre-Award Assessment

STATEMENT OF WORK FOR A PRE-AWARD ASSESSMENT OF THE MINISTRY OF EDUCATION

A. Background

Organizations that have never received USAID funding are required to undergo a pre-award assessment. No project funds will be released until this has been done.

However, the conduct of a pre-award assessment is not in itself a guarantee or assurance that USAID will do business with the prospective recipient.

Zambia has since the mid-nineties undertaken to reform its education system to address not only expanding access and improving quality, but also eliminating gender disparities in education at all levels. The roles of the Ministry of Education (MOE) are as varied as the stakeholders it interacts with. In addition to providing support services to basic, high school and tertiary education, it works with the private sector, autonomous institutions and other line Ministries that deal with education and training.

The MOE has strived to address the above issues through key documents and strategies, such as the National Policy on Education, “Educating our Future,” the Basic Education sub-Sector Investment Program (BESSIP), and the new Strategic Plan for the period 2003-2007. MOE policies and strategies for addressing both quality and equity issues include the expansion and rehabilitation of school infrastructure, curriculum development, teacher training and deployment, school health and nutrition, water and sanitation, gender mainstreaming, HIV/AIDS prevention and mitigation, inclusive learning, decentralization and overall capacity-building.

Access and quality are seen as the major challenges facing Zambia in education. In order for the Ministry of Education to overcome these challenges, it has become necessary to solicit active participation from the broadest spectrum of stakeholders. These include other government agencies and ministries, wide representation from civil society, religious organizations, the private sector and international development agencies.

B. Title

Pre-award assessment of the Ministry of Education’s Financial Management Capabilities, Accounting Systems, Internal Control Systems and Policies, Procedures and Practices.

C. Objective

The objective of the Pre-Award assessment is to provide reasonable assurance to USAID that the MOE (hereafter referred to as the recipient or organization) has an acceptable accounting

and financial management system and other systems of internal controls, as well as acceptable policies, procedures, and practices, and can:

- 1) Meet project goals and objectives
- 2) Adequately safeguard and efficiently utilize resources
- 3) Obtain, maintain, and fairly disclose reliable data, and
- 4) Comply with applicable laws and regulations

The pre-award assessment should, where applicable, recommend measures to strengthen the grantee's internal control procedures, i.e., the accounting and financial management systems that are in place. It should also establish the organization's roles and responsibilities in the performance and management of the management competencies needed to plan and carry out assistance programs, and ensure that the organization is able to implement mutually agreed-upon methods of accountability for funds or other assets provided by USAID.

D. Scope of Work

In order to qualify for a USAID grant, an organization must have an acceptable accounting and financial management system and other systems of internal controls as well as acceptable policies, procedures, and practices.

To provide reasonable assurance that the organization has such, the organization's systems should at a minimum provide for:

a). Reports:

Financial reports must be accurate and current, and disclose adequate relevant information. While USAID requires reporting on an accrual basis, the recipient shall not be required to establish an accrual accounting system but must have a system that enables the organization to develop accrual data for its reports on the basis of an analysis of the documentation at hand.

b). Records:

Records must be complete and current and identify adequately the source(s) and application(s) of funds. The Financial Management System shall produce accounting records that are supported by documentation that at a minimum will identify, segregate, accumulate and record all costs incurred in relation to a specific funding source.

c). Internal Controls:

The Financial Management System should provide for effective control over, and accountability for, all funds, property and other assets. The organization should adequately safeguard all assets and ensure that they are used for authorized purposes.

d). Budget versus actual outlays:

The Financial Management System should provide for comparison of actual outlays with budgeted amounts for each funding source.

e). Minimal Time Loss between Receipt and Fund Utilization:

The Financial Management System should have procedures to minimize the time elapsing between the receipt of funds by the organization and their subsequent disbursement.

f). Audits:

The Financial Management System should ensure timely conduct of audits and timely and appropriate resolution of audit findings and recommendations.

The Contractor shall review and report on the MOE's systems and policies and procedures as follows:

(1) Internal Control Structure

The Financial Management System will include appropriate internal controls that ensure usefulness of financial data, accuracy and integrity.

The internal control system of the organization should have as its objectives:

- 1) To safeguard the assets and resources of the organization,
- 2) To check the accuracy and reliability of accounting data, and
- 3) To promote operational efficiency and encourage adherence to prescribed managerial policies.

The Internal Control Structure must consist of the control environment, the accounting system and the control procedures.

(a) Control Environment

The Control Environment needs to cover, *inter alia*:

- 1) The management philosophy and operating style; the organization structure; and the relationship, development and definition of the departmental units of the organization,
- 2) Whether the methods of assigning authority and responsibility are clearly defined, and whether the supervisory and decision-making responsibilities and corresponding authority within management levels are developed and clearly assigned,
- 3) Whether staff functions and responsibilities are clearly delineated and divided,
- 4) Whether the organization uses operating budgets and cash projections, and whether these lend themselves to effective comparison with actual results and review and yield explanations of material variances.
- 5) Whether there is adequate control, including a reporting schedule and assigned responsibility for preparation of required financial statements and other reports, and
- 6) Whether there is a suitable records retention plan.

(b) Accounting System

The accounting system must consist of the methods and records established to identify, assemble, analyze, classify, record and report on transactions, and to maintain accountability for related assets and liabilities. It should cover, *inter alia*:

- 1) Is a complete and current chart of accounts in use? Is an Accounting Manual in use?
- 2) Is there in use a double-entry bookkeeping system that includes a general ledger, source journals, and suitable subsidiary records? Are the source journals posted promptly, and are the general ledger and subsidiary ledgers kept current and balanced monthly?
- 3) What are the types of disbursements, documents or records used to evidence disbursements?
- 4) Are the pre-numbered checks properly accounted for; are all unused checks safeguarded; are all voided checks retained and mutilated; do all checks bear the mandatory signatures? Does the organization keep separate bank accounts for different sources of funding?
- 5) Are bank reconciliation statements prepared monthly for all accounts? Are the reconciliation prepared by some one other than the cashier or persons involved in signing checks, processing invoices, or performing other general ledger functions? Are bank statements, paid checks, and debit and credit memos received directly from the bank by the employee(s) performing the reconciliation?
- 6) Does the bank reconciliation procedure include?
 - a. Reconciliation of the balance per bank to balance per general ledger control Account and subsidiary detail records?
 - b. Comparison in detail of deposits per bank statement with the deposit per cash receipts detail records?
 - c. Comparisons in detail of disbursements per bank with the cash disbursement journal (check register) as to date drawn, payee, and amount?
 - d. Follow-up to reconcile items? Is a record kept of transactions as checks returned for insufficient funds and bank charges?
 - e. Review of bank reconciliation and adjustments of the cash accounts approved?
- 7) Are all disbursements from petty cash funds supported by approved vouchers that are prepared in ink and cancelled to prevent reuse? Is there a predetermined maximum limit on the amounts of individual petty cash disbursements?

(c) Control Procedures

Internal control policies and procedures should be properly documented, established and complied with. Written procedures should cover the following basic areas, *inter alia*:

- 1) Appropriate segregation of duties and authorizations, custodianship and recording
- 2) Adequate documentation and recording system
- 3) Proper authorizations of transactions and activities
- 4) Adequate safeguards over access to and use of assets and records, and

5) Management supervision and independent checks on performance and proper valuation of recorded amounts

(2) Accounting, Record-keeping, and Overall Financial Management System

The organization's accounting system must be capable of identifying, accumulating, recording, and segregating costs, so that the use of funds may be identified, tracked, and properly accounted for in accordance with generally accepted accounting principles adequate for USAID purposes. This also applies to any cost-sharing/matching funds and any program income.

The organization's payroll system and procedures should at a minimum address the following:

1. Are individual personnel files maintained with original records of employment, and rates and authorized deductions for each employee?
2. Are daily time records checked and approved by a responsible official; and are wages and salaries and overtime approved by management?
3. Are proper authorizations obtained for all payroll deductions? Is the clerical accuracy of the payroll checked?
4. Does a responsible official review and compare payroll data against the personnel records on a regular basis? If employees are paid in cash, does a designee compare the cash requisition to the net payroll?
5. Is there any control over unclaimed pay packets, and are all unclaimed wages within a period deposited back into the bank?

(3) Personnel Policies and Procedures

An organization's personnel policies and procedures must, at a minimum, establish compensation policies for each position category, including salary, leave, and other benefits and entitlements that are uniformly followed for all of its employees regardless of the funding source. The personnel policies and procedures must, at a minimum, address the following:

- (a) Recruitment
 - Salary determinations and ranges (method used for determining a new employee's salary)
 - Working hours (number of hours in work-day and work-week)
 - Overtime compensation
 - Nondiscrimination
 - Method(s) of recruitment
- (b) Classification
 - Permanent (full-time and part-time)
 - Part-time
 - Adequate job description for all employees
 - Salary ranges/grades for all classifications of employees
- © Promotions/salary Increases

- Basis for promotion/employee evaluation
 - Merit Increases/range(s)
 - Cost-of-living increases
 - Bonuses/incentives
 - Termination of employment
- (d) Fringe Benefits
- Medical insurance
 - Life insurance
 - Long-term disability
 - Retirement
 - Workers' compensation
 - Other benefits
- (e) Leave Policies
- Types of leave. Annual/vacation leave (including number of days per year that may be accrued, and carry-overs.
 - Sick leave (number of days per year, and carry-overs)
 - Holidays (number of days per year)
- (f) Salary Supplements/Allowances (if applicable)
- Education allowance/travel
 - Other

(4) Travel Policies

An organization's travel policies must, at a minimum, establish procedures for how travel costs are determined/reimbursed (*e.g.*, per diem, actual subsistence expenses, etc.), establish internal approval requirements, cover both domestic and international travel regardless of funding source, specify which class of air travel is allowable in particular circumstances, and provide for any required travel approvals/notifications.

The travel policies must, at a minimum, address the following (as applicable):

- (a) Domestic Travel
- Approval levels
 - Class of travel
 - Per diem rates - rates used, what they cover (meals, lodging etc.)
 - Other reimbursable expenses (taxis, mileage rates for travel by privately-owned vehicle
 - Waivers/exceptions.
- (b) International Travel
- Level(s) required for approval/notification

- Class of travel
- Most direct and expeditious route.
- Enroute stop-over policy.
- Mileage rates for travel by privately-owned vehicle.
- Per diem rates - rates used, what they cover (meals, lodging, etc.)
- Accompanied/unaccompanied baggage shipping allowance (gross weights, mode of transport (air, surface))
- Shipment of privately-owned vehicle
- Educational travel
- Other reimbursable expenses
- Waivers/exceptions, advances and reconciliation procedures

(5) Procurement Policies and Procedures

An organization's procurement/purchasing policies, procedures and systems must, at a minimum, include standards of conduct governing the employees engaged in the award and administration of contracts and assistance instruments, provide that all procurements shall be conducted in a manner to afford open and free competition to the maximum practical extent and have sole-source procurements approved at an appropriate level in the organizational structure, provide for some form of cost or price analysis to be documented, and provide for appropriate records.

The organization shall maintain a written code or standard of conduct that shall govern the performance of its employees engaged in the awarding and administration of contracts. No employee, officer, or agent shall participate in the selection, award, or administration of a contract supported by Federal funds if a real or apparent conflict of interest would be involved. Such conflict would arise when the employee, officer or agent, or any member of the employee's immediate family, the employee's partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award. The officers, employees, and agents of the recipient shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to sub-agreements

(6) Property Management Standards and System

An organization's property-management standards and system must cover, at a minimum, the types of documents or records kept to control inventory items and the existence of written inventory procedures that adequately address the following;

- a) Location and orderly physical arrangement of inventories
- b) Existence of reasonable safeguards against theft and pilferage; periodic physical inspections of property, plant and equipment; and existence of inventory maintenance contracts
- c) Existence of inventory movement and disposal procedures

Are policies and procedures contained in manuals, or indicated in the appointment letter? USAID would prefer that an organization has centrally kept policy documents that are

implemented, and that appointment letters include benefits from policy manuals or make references to policy manuals.

The systems and procedures must be written and in use. The contractor shall establish that the organization is registered and has a certificate of incorporation as per the laws of Zambia.

E. Reports

The Contractor shall provide the USAID/Zambia Controller with an electronic copy and five (5) hard copies of the assessment report in English. The address of USAID/Zambia is:

USAID/Zambia
351 Independence Avenue
Lusaka, Zambia

Attn: Amy Fawcett, Controller

The report shall provide its findings and conclusions/recommendations on all of the foregoing. If the systems identified above are not in place, or are weak or inadequate, the report shall describe what improvements can be made. The report shall also describe the organization's legal status and the names of board members and key personnel.

The report shall:

Contain a title page, table of contents, and a summary that includes: (1) a background section with a general description of the prospective recipient and a clear identification of all entities mentioned in the report; (2) the objectives and scope of the pre-award assessment and a clear explanation of the procedures performed and the scope limitations, if any; (3) a brief summary of the pre-award assessment results, degree of compliance with applicable laws and regulations, and status of prior financial assessment recommendations, if any, and (4) a brief summary of the prospective recipient's comments on the pre-award assessment results and findings.

The assessment findings should include a description of each sub-standard condition (what is) and the applicable criteria (what should be) as well as the cause (why it happened) and effect (what harm was done by not complying with the criteria) if these can be easily determined. In addition, the findings/observations should contain a recommendation that corrects the cause and the condition, as applicable. The Contractor should identify the condition, criteria and possible effects to provide sufficient information to management to permit timely and proper corrective action.

The report should also contain, after each recommendation, the written views of responsible officials of the prospective recipient organization concerning the Contractor's findings/observations and the actions to be taken to implement the recommendations.

F. Relationships And Responsibilities

The client for this contract is USAID/Zambia. The USAID mission will provide technical advice to the Contractor concerning the planning and performance of this pre-award assessment. The liaison officer for the USAID mission is Ms. Amy Fawcett.

The USAID Mission will provide written comments on the draft pre-award assessment report concerning the facts and conclusions contained in the report in order to obtain the best possible end product. The Mission will attend the entrance and exit conferences.

The Contractor should hold entrance and exit conferences with the organization. The USAID mission should be notified of these conferences so USAID Mission representatives can attend.

G. Terms Of Performance

The effective date of this contract and statement of work will be the date of the USAID/Zambia Contracting Officer's signature.

It is the responsibility of the Ministry of Education to ensure that all records and documents are available, and that all other necessary steps are taken to make it possible for the Contractor to perform the assessment.

The assessment shall begin as soon as practicable after the signing of the contract. The Contractor shall issue a draft report within 45 days of signing the contract, and a final report within 15 days after receipt of written comments on the draft. The USAID Mission and the Ministry of Education will provide written comments within 30 days of receipt of the draft report.

Payment will be as follows: 20 percent on the date of this contract, 50 percent on the date of the draft report and 30 percent on the date of the final pre-award assessment report. Payment is contingent upon approval by Controller/USAID of the draft and final pre-award assessment reports.

Payment will be made within 30 days upon acceptance of the assessment reports. The payment date is the date placed on the United States Treasury check at the time of issuance by the disbursing office or when a wire transfer is made - not the date of receipt of the check or the wired funds.

Appendix 18. Disbursement Procedures

Attachment I

Disbursement Procedure Under The New SPA Mechanism

1.	Preliminary Actions:	Within (days)
	a. Ministry of Finance and National Planning (MOFNP) requests Bank Of Zambia (BOZ) to open Separate US Dollar Account (SDA) for disbursement of SPA US dollars and Separate Local Currency Account (SLCA) for receipt of generated Kwacha	
	b. BOZ opens SD and SLC accounts	1-2
	c. MFNP invokes standing order instructing BOZ to: i. Immediately upon auction, credit all Kwacha realized from the auction of SPA funds into SLCA ii. Upon crediting the SLCA with the Kwacha, immediately transfer the funds from the SLCA to the CBOH District Basket Account (CBOH to provide details of Basket Account) and USAID/Zambia Trust Fund Account (USAID/Zambia to provide details of account)	
2.	Mechanism Implementation Team members from each organization identified ³	
3.	SPA Milestone(s) met	N/A
4.	USAID/Zambia advises Washington by cable, requesting disbursement of US dollars	1-5
5.	Washington transfers corresponding Milestone Dollars to SDA and advises USAID/Zambia accordingly	1
6.	USAID/Zambia notifies MOFNP of transfer	1
7.	MOFNP requests BOZ to auction dollars to commercial banks	1-3
8.	BOZ auctions dollars to commercial banks	5
9.	The exchange rate is derived from the auction	Day of auction
10.	BOZ credits generated Kwacha to Separate Local Currency Account	1
11.	BOZ transfers Kwacha from SLCA to CBOH District Basket Account and USAID/Zambia Trust Fund Account	1-2
12.	CBOH transfers Kwacha to District Boards as part of the Basket Funding for Primary Health Care.	Ongoing

³Subject to change at the discretion of the respective organizations:

MOH - Principal Planner Bilateral & Multilateral Cooperation, CBOH - Senior Accountant, MOFNP - To be determined, BOZ - To be determined, USAID - Deputy Director PHN Office

Notes:

- BOZ would advertise, auction and document US dollars from USAID/Zambia separate from funds from other sources as standard procedure.
- MOFNP would get documentation on the auction from BOZ as soon as the auction transaction is effected.
- MOFNP would then immediately make available to USAID/Zambia details of the auction, including but not limited to, the date of the auction, the total amount of US dollars auctioned, the exchange rate at which the US dollars were auctioned, and the total amount of Kwacha realized from the auction. Copies of the transaction would simultaneously be made available to MOH and CBOH.
- Any interest accruing on the SDA will be transferred to the U.S. Treasury and any interest accruing on the SLCA will be transferred to the USAID/Zambia Trust Fund.
- MOFNP would provide monthly bank statements for the SDA and SLCA to USAID/Zambia.
- Once the mechanism is set up, it would take 12-20 days to credit the District Basket Account from the date of approval of Milestone(s)

Attachment II

(Received from BOZ on 27 June 2002)



GUIDELINES FOR MAJOR FOREIGN EXCHANGE SUPPLIERS

1.0 Overview

To address the issue of numerous foreign exchange allocation methods that have characterized the wholesale market since April last year, the Bank of Zambia has opted to introduce a transparent allocation mechanism. The mechanism involves making the **Bank of Zambia Dealing Window** available to major suppliers of foreign exchange to sell foreign exchange to the market on a daily basis. The Bank of Zambia will administer the operation and communicate the results to all the parties involved in the process.

2.0 Operating Guidelines

2.1 Eligibility

Major suppliers of foreign exchange and registered commercial banks based in Zambia will be eligible to participate in the wholesale foreign exchange dealing operations.

Major suppliers of foreign exchange (**i.e. a supplier selling US\$ 100,000 or more per week**) will be required to transact through the Bank of Zambia Dealing Window.

Suppliers **selling less than US\$100,000 per week** can deal directly with their respective banker(s) without going through the Dealing Window.

2.2 Tender Process

2.2.1 Tender Invitation

- The major suppliers of foreign exchange will submit to Bank of Zambia on the specified form the amounts they intend to sell by 12:30 hours on the business day immediately preceding the tender day.
- Bank of Zambia will invite commercial banks to submit bids for foreign exchange (i.e. the volume and the price at which they wish to transact) by 9:30 on the tender day.
- Setting of a reserve price will not be allowed.

2.2.2 Tender Results

- Bank of Zambia will communicate the preliminary tender results to the suppliers by 11:30 hours on each trading day.
- Suppliers and Bank of Zambia will confirm the transaction by 14.30 hours on each trading day, i.e. the supplier will advise Bank of Zambia of the commercial bank account details to which the Kwacha proceeds will be credited. Similarly, the Bank of Zambia will advise the supplier of its foreign account details to which the foreign exchange should be credited.
- Bank of Zambia will in turn send confirmations to the respective buyers (commercial banks) by 15.30 hours.
- Final tender results shall be communicated to suppliers and buyers.

2.2.3 Allotment

- Foreign exchange will be allocated at the **marginal cut-off rate to all successful bidders** beginning with the first bidder on the list until the amount on auction is exhausted.
- If the total bid amount received is less than the amount being offered, the Bank of Zambia will purchase the shortfall at the same marginal cut-off rate.
- In the event two or more successful bidders bid at the same rate, the allocation of the remaining foreign exchange will be at the marginal cut-off rate on a pro-rata basis.
- In the event of an auction failure (e.g. no bids received), the Bank of Zambia can purchase the foreign exchange at its buying rate or alternatively the supplier can withdraw and come back the following day or at a later date.

2.2.4 Settlement

- The Bank of Zambia will close the transactions on behalf of the supplier and the bidders.
- To facilitate this process, the supplier will credit the foreign exchange to the specified Bank of Zambia foreign exchange account within 2 working days (i.e. spot transaction).
- The Bank of Zambia in turn will credit the Kwacha equivalent to the supplier's banker upon receipt of confirmation from its correspondent bank that the foreign exchange funds have been received (delivery versus payment settlement method).
- The Bank of Zambia will then settle with the commercial banks both the foreign exchange and Kwacha transactions within 2 working days.

2.3 Penalty Clause

- Once offers by suppliers have been lodged with the Bank of Zambia, no supplier will be at liberty to withdraw, except in instances when there is an auction failure.
- Once bids by commercial banks have been lodged with the Bank of Zambia, no bidder will be at liberty to withdraw.
- Any commercial bank that fails to honor its obligation in terms of settlement will be excluded from participating in subsequent tenders.

--END--

Appendix 19. Macroeconomic Review

Zambia Macroeconomic Review Applied to Education Sector Financing

USAID/Zambia: Program Office
March 6, 2003

"The authorities are to be commended for their continued commitment to sound macroeconomic policies and structural reforms, notwithstanding capacity constraints and an adverse external environment. Zambia's overall economic performance has strengthened since mid-2000 after two decades of high inflation and low economic growth, reflecting sharply improved fiscal and monetary policies and progress in structural reforms..." - *IMF November 27 2002 Review Under Zambia's PRGF Arrangement.*

I. Macroeconomic Framework

Following its return to a multi-party system of government in 1991, Zambia has been aggressively implementing open market reforms through liberalization and privatization. Economic growth is private sector-driven, with more than 90% of enterprises being privately owned and controlled, including Zambia's dominant copper mines. There are no price controls. Subsidies to parastatals and agriculture have been substantially eliminated. Zambia is a member of both the Common Market for Eastern and Southern Africa (COMESA) and Southern Africa Development Community (SADC) Free Trade Areas and exhibits amongst the most open trade policy regimes in Southern Africa. Zambia has the Poverty Reduction Growth Facility program in place with the International Monetary Fund (IMF) and is on course to reach Completion Point of the Initiative for Highly Indebted Poor Countries (HIPC) in 2003.

II. Macroeconomic Performance

Although much remains to be done, Zambia has made considerable macroeconomic progress in recent years (see Table 1). Zambia has registered four consecutive years of positive Gross Domestic product (GDP) growth since 1999. From a negative growth rate of -2% in 1998, GDP has averaged 3.9% over the past three years, exceeding the population growth rate of 2.9%. Though still high, inflation levels have generally fallen from 30.6% in 1998 to an average of 25.2% over the past three years. The inflation trends have been fueled by unfavorable fiscal policy results with the fiscal deficit increasing substantially from 0.1% of GDP in 1998 to an average of 3.0% over the past three years.

Inflation patterns and low commercial bank savings interest rates have impacted negatively on savings with domestic savings remaining low, averaging 5.4% of GDP over the past three years. Commercial bank lending interest rates are high, averaging 43% over the past three years. In view of the high lending rates, investments have increased only marginally from

18% of GDP in 1998 to an average of 19.4% over the past three years. Government revenue collection has performed well as a percentage of GDP, increasing from 19.0% in 1998 to an average of 21.1% over the past three years.

In the external sector, exchange rate depreciation has occurred in response to movements in inflationary trends as well as movements in the availability of foreign exchange. Although sometimes steep, the market-driven movements in the exchange rate have generally been gradual, with low volatility. Overall these shifts have helped keep the currency fairly competitive in international trade.

Table1: Zambia –Macroeconomic Performance 1998-2002

Key Indicators	1998	1999	2000	2001	2002	Average 2000-2002
Real GDP Growth Rate	-1.9	2.2	3.5	5.2	3.0	3.9
Inflation Rate	30.6	20.6	30.1	18.7	26.7	25.2
Interest Rates (Commercial Lending mid-year base rate)	29	41	39	45	45.4	43.1
Exchange Rate**, 2002 MOFNP	1,862	2,388	3,111	3,611	4,360.1	3,694
Fiscal Surplus/deficit (% of GDP)	0.1	0.5	-3.4	-2.4	-3.3	-3.0
GRZ Domestic Revenue (% GDP)	19	18	22	23	18	21.1
Domestic Investment (% GDP)**	16	18	19	20	N/a	19.5
Domestic Savings (% GDP)**	4.9	7.1	4.6	6.1	N/a	5.4
Current Account Balance (less net capital grants) (% of GDP)	-17.7	-15.5	-20	-20.6	-16.1	-18.9
Exports FOB (% of GDP)	25.2	24.1	23.0	24.4	24.8	24.1
External Debt (% of GDP)	214.0	207.8	194.9	195.7	174.6	188.4
External Debt Service (% of Exports)	18	17	14	22	15	16.9
External Assistance (% of GDP*)	10	10	8	11	15	11.2
Education Budget (% of GDP)	3.2	3.1	3.8	4.7	5.2	4.6

Sources:

MOFNP macroeconomic Indicators Dec 2002

MOFNP- 2001 and 2002 Economic Reports

*MOFNP- 2002 Report: Project Financing 1991 - 2004

*8 *International Monetary Fund (IMF)

Due intensified imports following the privatization of the copper mines, the Current Account recorded an increased deficit from 17.7% of GDP 1998 to an average of 18.9% of GDP over the past three years. However, as shown in the table, exports recovered to 1998 levels of 25% of GDP in 2002, averaging 24.1% of GDP over the past three years. Increasing investment in the privatized copper-mining sector and continuing growth of non-traditional exports indicate prospects for sustained growth of export earnings.

Zambia's external debt continued to be high over the past three years. At \$6.5 billion dollars in 2002, the debt stock represented 198.8% of GDP. This, however, represented a decline from levels exceeding 200% of GDP in 1998 and 1999. Similarly, external debt service has fallen from 18% of GDP in 1998 to 15% in 2002. The fall in the external debt stock and debt servicing as percentages of GDP, is significantly attributed to continued fulfillment of debt service obligations combined with benefits of HIPC debt relief.

III. Macroeconomic Challenges

The macroeconomic challenges Zambia faces over the medium-term include:

- Sustaining positive GDP growth above the population growth rate
- Lowering inflation to single digits, and
- Improving the fiscal balance
- Improving the Balance of Payments (BOP) position

To meet these challenges, the Government of the Republic of Zambia (GRZ) has committed itself to achieving sustained gains in GDP growth coupled with implementation of appropriate fiscal and monetary policies and key structural reforms aimed at improving efficiency, raising productivity and output and attracting foreign direct investment. GRZ intends these macroeconomic strategies to be accompanied by increased investment in infrastructure and human development.

In the medium term GRZ projects the attainment of:

- Real GDP growth of at least 4 percent;
- Single-digit annual inflation rate, starting with a reduction to 17.9 percent in 2003
- Increased build up of gross international reserves, beginning with an equivalent to 1.9 months of imports in 2003
- Reducing the budget deficit to 1.5% of GDP

IV. Macroeconomic outlook

Economic Growth. The economic growth targets are likely to be achieved. In agriculture, relatively favorable rainfall patterns that have prevailed in the 2002/2003 seasons, the more timely delivery and distribution of agricultural inputs, and some rehabilitation and development of rural infrastructure will contribute positively to GDP growth. The positive trends in growth rates of mining, manufacturing, tourism and service sectors registered in recent years can be expected to continue.

Inflation. A significant contributing factor to the escalation of inflation, from 18.6% in 2001 to 26.7% in 2002, was a sharp increase in maize prices due to shortfalls in supply induced by the drought that affected Southern Africa in the 2001/2002. Considering the better climatic prospects for Zambia in the 2002/2003 coupled with GRZ's intention to focus on reducing the budget deficit, it is feasible for GRZ to achieve the reduced inflation level to 17.6% in 2003. However, achieving single digit inflation in the medium will present a more formidable challenge. Working closely with the World Bank, GRZ is formulating and implementing Public Expenditure Management and Financial Accountability reforms that seek to rationalize and more efficiently allocate and utilize public expenditure. This strategy, which includes the implementation of a Medium Term Expenditure Framework (MTEF), a Financial Management Information System (whose phased implementation commenced in 2002), and improved monitoring and evaluation system for public expenditure will be useful in addressing budget over runs that lead to wide deficits.

GRZ's new administration (led by President Mwanawasa who was elected in December 2001) has set fighting corruption at the top of its governance agenda. The arrest and prosecution of high-profile suspected offenders, including the former president, whose presidential immunity was lifted by parliament at the request of President Mwanawasa, is unprecedented in the British Commonwealth, elevating Zambia to summit of public accountability and transparency efforts. It is plausible to conclude that the anti-corruption measures will significantly contribute to improved public expenditure management and financial accountability that will help address run-away budget deficits.

Balance of payments Position. Projections for increased copper production in Zambia are good following the privatization of the copper mines in 2000. Significant new investment is anticipated in 2003. To this end for example, and despite a slump in copper prices in 2003, export earnings increased due to increased output. Copper sector export earnings are projected to continue growing. Earnings from non-traditional exports also recovered, to levels exceeding \$325 million in 2002 compared to \$294 million in 2001. In spite of the drought, agricultural commodities, such as cotton and tobacco, contributed strongly to this growth. Earnings from non-traditional exports are also projected to continue growing in the medium term.

Zambia is on course in making progress in meeting conditions to reach the Completion Point under HIPC in 2003, after which maximum debt relief will be received with most bi-lateral creditors writing-off Zambia's debt completely. This is expected to reduce debt service to levels below 100 million a year compared to levels exceeding \$400 million had HIPC not been in place. In addition to HIPC debt relief, Zambia expects to receive additional debt relief from Paris Club countries following the signing of Eighth Agreed Minute in 2002. This will reduce the debt stock further.

With the projected increase in export earnings and reduced debt servicing, Zambia's BOP position is expected to improve significantly, leading to a reduction in dependency on external financing of development programs. Regarding donor dependency, total external assistance to Zambia represented 10% of GDP in 1998 and averaged 11.2% over the last three years, with a sharp increase to 15% in 2002. The increase in external support may reflect increasing donor dependency on one hand, but may, perhaps more significantly, reflect donor appreciation for the

new administration's anti-corruption drive. Under these conditions, targets for increasing international reserves are also more likely to be met.

Revenue. GRZ has surpassed its annual domestic revenue collection targets consistently since the establishment of the Zambia Revenue Authority in 1994. It can be observed, for example, that domestic revenue has increased, as a percentage of GDP from 19% in 1998 to an average of 21.1% over the period 2000-2002. The positive outlook for economic growth in the medium term, outlined earlier speaks to good prospects for increased domestic revenue collection through increased tax returns on goods, services and trade.

V. Education Sector Financing

The Zambian Government has demonstrated increased commitment to financing the education sector. Budget allocations to the education sector have increased from 3.2% of GDP in 1998 to 3.8%, 4.7% and 5.2% of GDP in 2000, 2001 and 2002 respectively. In line with this commitment, GRZ has fulfilled HIPC conditionality to raise to at least 20.5% (from 18.5% in 1999) its annual discretionary expenditure being spent on the education sector. Further, within the framework of conditionality in a Memorandum of Understanding (June 2002) for support from the European Commission, GRZ has committed itself to maintaining levels of financing, in the medium term, consistent with 36.8% of GRZ discretionary expenditure being allocated to the social sectors.

These commitments and improved financing in recent years, coupled with prospects for increased GRZ domestic revenues in the medium term, brighten the outlook for sustaining education sector financing.

Appendix 20. Power Point Presentation

SECTOR PROGRAM ASSISTANCE

Support for Ministry
of Education Sector
Plan

4/22/03

USAID/Zambia -- Education Sector
Program Support

Additional USAID Support

- Sector Program Assistance Adds to Existing Funding
- Allows USAID to Join MOESP Funding Pool
- Supports GRZ Five-Year Strategy

USAID/Zambia -- Education
Sector Program Support

4/22/03

How Will SPA Work?

- Funds Released When “Milestones” Reached
- Milestones Based on NIF Indicators for Basic Education
- Supports Only Indicators Established by GRZ

USAID/Zambia -- Education
Sector Program Support

4/22/03

Funds Release Process

- MOE Reaches Milestone
- USAID Advises MOE and MFNP that Funds Will be Released
- USAID Releases U.S. Dollars to MFNP
- Dollars Auctioned by BOZ
- Kwacha Deposited in Special Account
- Kwacha Immediately Transferred to MOE Fund

USAID/Zambia -- Education
Sector Program Support

4/22/03

Expected Timeline

- Discussion of Milestones/New Agreement With GRZ Begins Immediately
- USAID Submits SPA in April as Key Component of New 7-Year Strategy
- Expect Washington Approval by Mid Year

USAID/Zambia -- Education
Sector Program Support

4/22/03

THE WAY FORWARD

- Need to Have Dialogue With MOE
- USAID Prepared Long List of Possible Milestones, Based on Draft NIF
- Work With MOE to Develop Specific Agreed Milestones

USAID/Zambia -- Education
Sector Program Support

4/22/03

ⁱ MOE Strategic Plan 2003-2007, “BESSIP Core Performance Indicators Trend Report 1999-2002” cites 657,000 children age 7-13 not enrolled; this works out to 30% of 2,163,650 children.

ⁱⁱ BESSIP 2002 Trends Report, page 2.

ⁱⁱⁱ MOE “Strategic Plan 2003-2007,” page 28.

^{iv} Domestic resource projections are based on funding trends and commitments over the previous 7 years, while projections of external financing are based on pledges made through January 2003.

^v MOE “Strategic Plan 2003-2007,” page 25.

^{vi} MFNP “Economic Report 2002,” page 49.

^{vii} World Bank, “Zambia Public Expenditure Review – Public Expenditure, Growth and Poverty: A Synthesis,” December 2001.

^{viii} Trends Report, page 9.

^{ix} Trends Report, pages 11 and 12.

^x Ongoing projects/programs supporting BESSIP will continue to use the old classifications (Case 1 for “poolers” with funds controlled by MOE; Case 2 for non-co-mingled funds from different sources, available for all BESSIP components, controlled by MOE; Case 3 for non-co-mingled funds, restricted to specific components of BESSIP, controlled by MOE; and Case 4 for funds not controlled by MOE, but which support specific components of BESSIP (all USAID support to BESSIP currently falls in this category).

^{xi} Sun Financial Software

^{xii} MOE “Strategic Plan 2003-2007,” page 64.

^{xiii} World Bank, PEMFAR, final draft being reviewed by GRZ, March 2003.

^{xiv} USAID/Zambia developed this disbursement procedure for disbursement of Sector Assistance to the Ministry of Health. At this writing GRZ acceptance of this procedure is imminent (March 2003). If changes are negotiated in the disbursement procedure for the Health SPA, USAID should take the modifications into account as an Education SPA is negotiated with GRZ.

^{xv} MOE “Strategic Plan 2003-2007,” page 66.